



# Freddie Mac Acquisition Upgrade and Acquisition Rehabilitation Mortgages<sup>SM</sup>

Freddie Mac Acquisition Upgrade and Acquisition Rehabilitation Mortgages<sup>SM</sup> enable you to purchase a property and make cosmetic or substantial improvements in order to reposition the property in your market.

## Key Benefits

- The ability to obtain funds to purchase, then upgrade or rehabilitate an existing multifamily property.
- Reduced interest-rate risk when combined with the Freddie Mac Early Rate-Lock delivery option.
- Clearly defined lending parameters and predictable rate-lock and closing timeframes.
- Guaranteed permanent financing since the acquisition/upgrade or rehabilitation proceeds are funded at the same time.

## At-a-Glance Comparison

Product Summary	Acquisition Upgrade	Acquisition Rehabilitation
Eligible Properties	Garden, mid-rise or high-rise multifamily	Garden, mid-rise or high-rise multifamily
Maximum Loan-to-Value	As Is: Lesser of 85% of purchase price or 80% of total cost  As Stabilized (based on as-stabilized value): Remaining term < 7 years: 70% Remaining term 7 to < 10 years: 75% Remaining term ≥ 10 years: 80%	Same as Upgrade
Minimum Debt Coverage Ratio - Fixed-Rate  <i>*Refer to grid on second page for ARM sizing parameters</i>	As Is: 1.25x IO  As Stabilized: Remaining term < 7 years: 1.30x amortizing Remaining term ≥ 7 years: 1.25x amortizing	As Is: 1.20x IO  As Stabilized: Remaining term < 7 years: 1.30x amortizing Remaining term ≥ 7 years: 1.25x amortizing
Minimum Upgrade/Rehabilitation Costs	\$3,000 per unit	\$10,000 per unit
Maximum Upgrade/Rehabilitation Cost	Lower of \$10,000 per unit or 20% of acquisition cost	Lower of \$30,000 per unit or 30% of acquisition cost
Maximum Period to Stabilization	24 months	36 months
Stabilization Period Extension Option	2-6 months or 1-12 months, for fee	2-6 months or 1-12 months, for fee
Acquisition Repair Escrow Required	Yes, in the form of cash, Letter of Credit, or Construction Completion Guaranty	Yes, in the form of cash, Letter of Credit, or Construction Completion Guaranty
Debt Service Coverage Shortfall Reserve Required	Yes, in the form of cash, Letter of Credit, or Construction Completion Guaranty; maximum 6x NOI shortfall	Yes, in the form of cash, Letter of Credit, or Construction Completion Guaranty; maximum 6x NOI shortfall
Collateral During Rehabilitation	First lien on "as is" property, repair escrow, debt service coverage reserve	First lien on "as is" property, repair escrow, debt service coverage reserve

## Adjustable-Rate Mortgage (ARM) Sizing Grids

### Acquisition Upgrade:

Term	Final ARM Loan-to-Value	As Is	As Stabilized				Cap Provider: Borrower or Freddie (B/F)	Min Term for Borrower-Provided Cap
		Sizing Requirement at Max Rate: Min. IO DCR	IO Available for Loan Term?	Maximum IO Period for Loan Term	Minimum IO DCR for Full Term IO	Minimum Amortizing DCR @ Max Rate		
5-year	≥ 65% to ≤ 70%	1.05x	Partial	Upgrade Period	NA	1.05x	B/F	3-yr w/ escrow
	> 60% to < 65%	1.05x	Y	Full-term	1.35x	1.05x	B/F	3-yr w/ escrow
	≤ 60%	1.05x	Y	Full-term	1.35x	1.05x	B/F	Cap not required
7-year	≥ 70% to 75%	1.05x	Partial	Upgrade Period	NA	1.05x	B/F	4-yr w/ escrow
	≥ 65% to < 70%	1.05x	Partial	Upgrade Period	NA	1.05x	B/F	4-yr w/ escrow
	> 60% to < 65%	1.05x	Y	Full-term	1.30x	1.05x	B/F	4-yr w/ escrow
	≤ 60%	1.05x	Y	Full-term	1.30x	1.05x	B/F	Cap not required
10-Year	≥ 75% to 80%	1.05x	Partial	Upgrade Period	NA	1.05x	B/F	10-yr
	≥ 70% to < 75%	1.05x	Partial	Upgrade Period	NA	1.05x	B/F	5-yr w/ escrow
	≥ 65% to < 70%	1.05x	Partial	Upgrade Period	NA	1.05x	B/F	5-yr w/ escrow
	> 60% to < 65%	1.05x	Y	Full-term	1.30x	1.05x	B/F	5-yr w/ escrow
	≤ 60%	1.05x	Y	Full-term	1.30x	1.05x	B/F	Cap not required

### Acquisition Rehabilitation:

Term	Final ARM Loan-to-Value	As Is	As Stabilized				Cap Provider: Borrower or Freddie (B/F)	Min Term for Borrower-Provided Cap
		Sizing Requirement at Max Rate: Min. IO DCR	IO Available for Loan Term?	Maximum IO Period for Loan Term	Minimum IO DCR for Full Term IO	Minimum Amortizing DCR @ Max Rate		
5-year	≥ 65% to ≤ 70%	1.0x	Partial	Rehab Period	NA	1.05x	B/F	3-yr w/ escrow
	> 60% to < 65%	1.0x	Y	Full-term	1.35x	1.05x	B/F	3-yr w/ escrow
	≤ 60%	1.0x	Y	Full-term	1.35x	1.05x	B/F	Cap not required
7-year	≥ 70% to 75%	1.0x	Partial	Rehab Period	NA	1.05x	B/F	4-yr w/ escrow
	≥ 65% to < 70%	1.0x	Partial	Rehab Period	NA	1.05x	B/F	4-yr w/ escrow
	> 60% to < 65%	1.0x	Y	Full-term	1.30x	1.05x	B/F	4-yr w/ escrow
	≤ 60%	1.0x	Y	Full-term	1.30x	1.05x	B/F	Cap not required
10-Year	≥ 75% to 80%	1.0x	Partial	Rehab Period	NA	1.05x	B/F	10-yr
	≥ 70% to < 75%	1.0x	Partial	Rehab Period	NA	1.05x	B/F	5-yr w/ escrow
	≥ 65% to < 70%	1.0x	Partial	Rehab Period	NA	1.05x	B/F	5-yr w/ escrow
	> 60% to < 65%	1.0x	Y	Full-term	1.30x	1.05x	B/F	5-yr w/ escrow
	≤ 60%	1.0x	Y	Full-term	1.30x	1.05x	B/F	Cap not required