LMD
CAPITAL PARTNERS

FREDDIE MAC

Freddie Mac Value-Add Loan

Short-term floating-rate financing for a modest interior-led renovation of $10,000 to $25,000 per unit, with at least half the budget spent inside the units.

Indicative Terms

LOAN DURATION	Three years, with one 12-month extension at the borrower's request and one further 12-month extension at Freddie Mac's discretion.
RATE STRUCTURE	Floating rate with full-term interest-only. No interest rate cap is required.
LOAN TYPE	Acquisitions and refinances. Not assumable.
LOAN AMOUNT (LTV / DCR)	Maximum as-is LTV of 85% and as-stabilized LTV of 75%. Minimum as-is coverage of 1.15x and as-stabilized coverage of 1.30x. Sized on a seven-year sizing note rate. The appraisal must include both as-is and as-stabilized values. The refinance test is not required.
EQUITY REQUIRED	15% cash equity is generally required.
REHABILITATION	Work must begin within 90 days of origination and be completed within 33 months. The budget runs $10,000 to $25,000 per unit, with up to 20% flexibility without further approval, and at least 50% of the budget must be spent on unit interiors. A completion guaranty or rehabilitation escrow is required, with borrower and servicer reporting throughout.
LOCKOUT AND EXIT	Standard 12-month lockout, with longer or shorter options available. A 1% exit fee applies, waived where the loan is refinanced with Freddie Mac.
CASH-OUT	Available for longer-term ownership, subject to a completion guaranty.
DOCUMENTATION	A Value-Add Rider setting out the rehabilitation terms is required.
ESCROWS	Real estate taxes, insurance and replacement reserves.
AT MATURITY OR REFINANCE	A final engineer review of completion and quality is required. There is no exit fee on a Freddie Mac refinance; otherwise 1% applies. Freddie Mac re-underwrites under current credit policy. A one-year borrower extension is available for a 0.5% fee absent default, with a further extension option thereafter at a 1% fee.
APPLICATION FEE	Quoted per transaction.

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Indicative terms only. Not a commitment to lend.

Indicative Terms (continued)

ORIGINATION FEE	Quoted per transaction.
LEGAL FEES	Quoted per transaction.

Eligible Properties & Sponsors

Sponsors must have multifamily rehabilitation experience in the local market and sufficient financial capacity, and guarantors must meet 1.5 times the standard minimum net worth and liquidity requirements. Properties are capped at 500 total units and must be well located and well constructed, requiring only modest repairs. Seniors housing, student housing and manufactured housing communities are not eligible.

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