

FREDDIE MAC OPTIGO®

Impact Gap Financing

PRESERVING NATURALLY OCCURRING AFFORDABLE HOUSING

PRODUCT DESCRIPTION

Impact Gap Financing provides the infrastructure to enable Impact Investors to invest directly in NOAH properties and close capital gaps between Sponsor-provided equity and the Freddie Mac NOAH Preservation Loan.

Impact Investors may work with Borrowers directly, with a Freddie Mac Multifamily Optigo lender, or with Freddie Mac, who can help match them to potential properties and Borrowers.

Nonprofits will work with an Optigo lender who will make both the Freddie Mac NOAH Preservation Loan and the Impact Gap Loan simultaneously, providing a one-stop shop for comprehensive debt financing up to 97% loan-to-cost to go with a minimum 3% Borrower equity contribution.

For the Optigo Seller to make the Freddie Mac NOAH Preservation Loan and the Impact Gap Loan together, the Impact Investor must be identified for the Impact Gap Loan prior to receiving a soft quote, and the following must be in place prior to interest rate-lock on the NOAH Preservation Loan:

1. Impact Investor must execute and deliver a commitment to the Freddie Mac Seller to purchase the Impact Gap Loan.
 - Freddie Mac will perform confirmatory due diligence and provide a back-up commitment to purchase in the event the Impact Investor fails to purchase the Impact Gap Loan.
2. Impact Investor must deposit funds in escrow to fully collateralize its commitment to purchase the Impact Gap Loan.

The Impact Gap Loan will be made on Freddie Mac form Impact Gap Loan documents, including the Impact Gap Loan commitment, loan agreement, note, guaranty, security instrument and escrow agreement.

NOAH PRESERVATION LOAN

IMPACT GAP LOAN¹

ELIGIBLE PROPERTY TYPES	Garden, mid-rise, or high-rise multifamily NOAH properties.	
ELIGIBLE OPTIGO LENDERS	TAH lenders.	
ELIGIBLE BORROWERS	501(c)(3) nonprofit organizations with affordable housing preservation as a stated part of its mission and a demonstrated history of successful property ownership.	
MINIMUM AFFORDABILITY	At least 50% of the units must have affordable rents at 60% / 80% / 100% / 120% area median income (AMI) based on market at the time of origination.	
LOAN TERM	Up to 30 years.	Must mature after Freddie Mac NOAH Preservation Loan.
MAXIMUM AMORTIZATION	Up to 30 years.	Based on Exit Requirement (achieve 80% combined LTV by the end of the loan term).
MINIMUM DEBT COVERAGE RATIO (DCR) ²	1.25x with 1.20x available subject to underwriting approval.	Combined minimum: 1.05x subject to payment structure (below) and Investor approval.
MAXIMUM LOAN-TO-VALUE (LTV) RATIO ²	80%.	Combined maximum loan to cost: 97% subject to payment structure below and Investor approval.

For important disclosures about Lument and the information found in this term sheet [click here](#).

	NOAH PRESERVATION LOAN	IMPACT GAP LOAN ¹
TAX AND INSURANCE ESCROWS	Required.	Required, serviced by Freddie Mac.
FEES	Application fee and Commitment fee. Servicing document review fee discounted to \$1,500 per review for items disclosed prior to origination.	As determined by Impact Investor (may include investor origination and servicing fees).
PAYMENT STRUCTURE	Per Freddie Mac Commitment.	Paid from 75% of surplus cash ³ in the following order: 1. Interest. 2. Principal payments (not to exceed half of remaining surplus cash after interest payment).
PREPAYMENT PROVISIONS	Yield Maintenance or defeasance.	5-year lockout; no prepayment penalty following lockout.
NON-RECOURSE AND/OR GUARANTY	Per Freddie Mac Commitment.	Borrower agrees to guaranty: <ul style="list-style-type: none"> • 100% interest debt service. • 10% top loss of outstanding UPB at default required until the combined LTV is 85%.
MODERATE REHABILITATION	Subject to underwriting approval.	Permitted, subject to Impact Investor approval.

¹Indicative terms – may vary by Investor.

²Underwriting parameters are maximum allowed by the program. Transactions will be screened on a deal-by-deal basis and parameters may be adjusted at the Freddie Mac Underwriting team's discretion.

³Surplus Cash: Cash flow after payment of debt service, impositions and reserves on the Senior Loan, any other amount owed to Senior Lender, and reasonable operating expenses.