

FREDDIE MAC OPTIGO®

Small Balance Loans

FAST, FLEXIBLE AND COST EFFECTIVE

LOAN AMOUNT	\$1 million - \$7.5 million in all markets.
LOAN PURPOSE	Acquisition or refinance.
LOAN TERMS	Hybrid ARM: initial 5-, 7- or 10-year fixed-rate period followed by a floating rate period up to 10 years. Fixed: 5-, 7- or 10-year loan term.
AMORTIZATION	Up to 30 years.
INTEREST-ONLY	Partial-term and full-term interest-only available.
PREPAYMENTS	Declining schedules and yield maintenance available for all loan types — please refer to the chart on page 3.
ELIGIBLE BORROWERS/ BORROWING ENTITIES	Limited partnerships; limited liability companies; Single Asset Entities; Special Purpose Entities; tenancy-in-common with up to five unrelated members; and irrevocable trusts with an individual guarantor.
RECOURSE	Non-recourse, with standard carveout provisions required.
SUBORDINATE DEBT	Not Permitted.
NET WORTH AND LIQUIDITY	Minimum Net Worth: Equal to the loan amount. Minimum Liquidity: Equal to 9 months of principal and interest.
ELIGIBLE PROPERTIES	Multifamily housing with five residential units ¹ or more, including: <ul style="list-style-type: none"> • Properties with tax abatements. • Age-restricted properties with no resident services. • Properties with space for certain commercial (non-residential) uses². • Properties with tenant-based housing vouchers. • Low-Income Housing Tax Credit (LIHTC) properties with Land Use Restriction Agreements (LURAs) that are in either the final 24 months of the initial compliance period or the extended use period (investor must have exited). • Properties with local rent subsidies for 10% or fewer units where the subsidy is not contingent on the owner's initial or ongoing certification of tenant eligibility. • Properties with certain regulatory agreements that impose income and/or rent restrictions, provided all related funds have been disbursed².
	¹ Loans secured by groups of contiguous and non-contiguous duplexes, triplexes and fourplexes may be permitted as part of a larger loan configuration, subject to additional restrictions. Contact your Lument representative for details.
	² Contact your Lument representative for details.

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INELIGIBLE PROPERTIES	<ul style="list-style-type: none"> Seniors housing with senior care services. Student housing (greater than 50% concentration). Military housing (greater than 50% concentration). Properties with project-based housing assistance payment contracts (including project-based Section 8 HAP contracts). LIHTC properties with LURAs in compliance years 1 through 12. Historic Tax Credit (HTC) properties with a master lease structure. Tax-exempt bonds Interest Reduction Payments (IRPs). 															
OCCUPANCY	Stabilized property with a minimum of 90% physical occupancy.															
REPLACEMENT RESERVES	Underwritten replacement reserves will be determined based on a rating established in the streamlined Physical Risk Report. The rating will estimate the level of improvements needed over the life of the loan. The rating scale will be similar to the following ¹ :															
	<table border="1"> <thead> <tr> <th data-bbox="488 701 808 722">AMOUNT</th> <th data-bbox="854 701 927 722">LEVEL</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 751 594 772">\$200/unit.</td> <td data-bbox="854 751 902 772">Low.</td> </tr> <tr> <td data-bbox="488 802 594 823">\$250/unit.</td> <td data-bbox="854 802 964 823">Moderate.</td> </tr> <tr> <td data-bbox="488 852 594 873">\$300/unit.</td> <td data-bbox="854 852 911 873">High.</td> </tr> </tbody> </table>	AMOUNT	LEVEL	\$200/unit.	Low.	\$250/unit.	Moderate.	\$300/unit.	High.							
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	¹ Certain loans containing non-contiguous buildings will require an additional \$50/unit in replacement reserves over the base amounts included above.															
ESCROWS	<ul style="list-style-type: none"> Real estate tax escrow deferred for deals with an LTV ratio of 65% or less. Insurance escrow deferred. Replacement reserve escrows may qualify for deferral for certain loans. 															
FIXED-RATE/HYBRID ARM LTV RATIOS AND AMORTIZING DSCRs*	LTV and DSCR requirements vary based on the market tier in which the property resides: Top, Standard, Small or Very Small. To determine market tier, please consult your Lument representative to get information for your specific market.															
	<table border="1"> <thead> <tr> <th></th> <th data-bbox="886 1190 1200 1211">MINIMUM AMORTIZING DCR</th> <th data-bbox="1224 1190 1382 1211">MAXIMUM LTV</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 1241 667 1262">Top SBL Markets</td> <td data-bbox="886 1241 943 1262">1.20x.</td> <td data-bbox="1224 1241 1273 1262">80%.</td> </tr> <tr> <td data-bbox="488 1291 724 1312">Standard SBL Markets</td> <td data-bbox="886 1291 943 1312">1.25x.</td> <td data-bbox="1224 1291 1273 1312">80%.</td> </tr> <tr> <td data-bbox="488 1341 683 1362">Small SBL Markets</td> <td data-bbox="886 1341 943 1362">1.30x.</td> <td data-bbox="1224 1341 1273 1362">75%¹.</td> </tr> <tr> <td data-bbox="488 1392 740 1413">Very Small SBL Markets</td> <td data-bbox="886 1392 943 1413">1.40x.</td> <td data-bbox="1224 1392 1273 1413">75%¹.</td> </tr> </tbody> </table>		MINIMUM AMORTIZING DCR	MAXIMUM LTV	Top SBL Markets	1.20x.	80%.	Standard SBL Markets	1.25x.	80%.	Small SBL Markets	1.30x.	75% ¹ .	Very Small SBL Markets	1.40x.	75% ¹ .
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	¹ Maximum 70% LTV for Refinances. *Temporary adjustments may be made to the above thresholds based on changes in market environment.															
PARTIAL-TERM INTEREST-ONLY (IO) OPTIONS	PARTIAL INTEREST-ONLY TERM															
	<table border="1"> <tbody> <tr> <td data-bbox="488 1587 813 1608">Top and Standard SBL Markets</td> <td data-bbox="919 1587 1235 1688"> <ul style="list-style-type: none"> 1 year on 5-year term. 2 years for a 7-year term. 3 years for a 10-year term. </td> </tr> <tr> <td data-bbox="488 1707 854 1728">Small and Very Small SBL Markets</td> <td data-bbox="919 1707 1235 1797"> <ul style="list-style-type: none"> 0 years on 5-year term. 1 year for a 7-year term. 2 years for a 10-year term. </td> </tr> </tbody> </table>	Top and Standard SBL Markets	<ul style="list-style-type: none"> 1 year on 5-year term. 2 years for a 7-year term. 3 years for a 10-year term. 	Small and Very Small SBL Markets	<ul style="list-style-type: none"> 0 years on 5-year term. 1 year for a 7-year term. 2 years for a 10-year term. 											
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FULL-TERM IO ADJUSTMENTS	ADD TO THE BASELINE MAXIMUM LTV															
	<table border="1"> <tbody> <tr> <td data-bbox="488 1875 813 1896">Top and Standard SBL Markets</td> <td data-bbox="886 1875 943 1896">0.15x.</td> <td data-bbox="1224 1875 1273 1896">65%.</td> </tr> <tr> <td data-bbox="488 1925 854 1946">Small and Very Small SBL Markets</td> <td data-bbox="886 1925 943 1946">0.10x.</td> <td data-bbox="1224 1925 1273 1946">60%.</td> </tr> </tbody> </table>	Top and Standard SBL Markets	0.15x.	65%.	Small and Very Small SBL Markets	0.10x.	60%.									
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PREPAYMENT PROVISIONS	FIXED RATE	5-Year	7-Year	10-Year
	Option 1		54321.	5544321.
Option 2 ²		32111.	3322111.	3332221111.
Option 3 ³		(YM or 1%).	(YM or 1%).	(YM or 1%).
Option 4		31000.	N/A.	N/A.
	HYBRID ARMS ¹	5+5 Year	7+3 Year	10+10 Year
Option 1		54321, 1%.	5544321, 1%.	5544332211, 1%.
Option 2 ²		32111, 1%.	3322111, 1%.	3332221111, 1%.
Option 3 ⁴		(YM or 1%), 1%.	(YM or 1%), 1%.	(YM or 1%), 1%.
Option 4		31000, 0%.	N/A.	N/A.

¹Hybrid ARM consists of an initial fixed-rate period followed by a floating-rate period. During the floating rate period the coupon is based on a 30-day average SOFR + 325 margin. Every six months, the floating rate may increase or decrease by 1%, never be less than a floor of the initial fixed interest rate and never be greater than a maximum lifetime cap of the initial fixed interest rate + 5%.

²Prepay description: For example, for a Hybrid ARM "32111, 1%" refers to 3% for year 1 of the fixed-rate period, 2% for year 2, 1% for the next 3 years, then 1% during the remaining floating-rate period.

³Higher of yield maintenance (YM) or 1% during the YM period. See Fixed Rate notes for details.

⁴With respect to Hybrid ARM mortgage loans with yield maintenance, for any prepayment made during the yield maintenance period, the prepayment charge will initially be the greater of (i) 1.0% of the unpaid principal balance or (ii) yield maintenance. If a prepayment is made after the yield maintenance period, then the prepayment charge will be 1.0% of the unpaid principal balance. See Hybrid ARM notes for details.