

FREDDIE MAC OPTIGO®

Small Balance Loans

As a leader in multifamily financing, we are giving you more choices, better terms, and a faster, simpler process when it comes to small balance loans. It's financing that fits your needs.

Benefit from a combination of features not available anywhere else and get personal service from in-market experts who specialize in creative solutions for single and pooled loans. Plus, we'll get you to the closing table on time. Whether your goal is to grow your portfolio, improve returns on existing assets, or meet other financial goals, we have the strength, expertise, and reliability to get you there.

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: Properties with tax abatements. Age-restricted properties with no resident services. Properties with space for certain commercial (non-residential) uses ² . 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 disbursed ² .

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

	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.	
INELIGIBLE PROPERTIES	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 :	
	AMOUNT	LEVEL
	\$200/unit.	Low.
	\$250/unit.	Moderate.
	\$300/unit.	High.
	¹ Certain loans containing non-contiguous buildings will require an additional \$50/unit in replacement reserves over the base amounts included above.	
ESCROWS	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.	
		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 .
	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	
	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.

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	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
	Top and Standard SBL Markets	0.15x.	65%.
	Small and Very Small SBL Markets	0.10x.	60%.

PREPAYMENT PROVISIONS	FIXED RATE	5-Year	7-Year	10-Year
	Option 1	54321.	5544321.	5544332211.
	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+15 Year	7+13 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.