

FREDDIE MAC OPTIGO®

Moderate Rehab Loan

Freddie Mac's Moderate Rehab Loan provides the capital you need to renovate your property at the lowest cost possible. During renovation, the loan can be an interest-only floating-rate debt, and loan proceeds are advanced monthly as requested rather than accruing interest on unused funds. Our terms are highly negotiable, allowing for variation in borrower terms and structure needs.

These loans offer a flexible liquidity source for experienced and well-capitalized sponsors who have successfully completed rehabilitation projects of similar scope and who are familiar with Freddie Mac's loan process.

DOES YOUR MULTIFAMILY PROPERTY NEED A SIGNIFICANT RENOVATION?

ELIGIBLE BORROWERS	Experienced and well-capitalized borrowers who have successfully completed rehabilitation projects of similar scope and who are familiar with the Freddie Mac loan process.
ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • \$25,000-\$60,000 in renovations per unit with a minimum of \$7,500 per unit designated for interior work. • Minimum occupancy: Rehabilitation plan may not take debt coverage ratio (DCR) below 1.0x on an interest-only basis. • Not eligible: seniors housing, student housing, MHC, preferred equity with hard pay and mezzanine financing.
TERMS	<ul style="list-style-type: none"> • Deal specific/negotiated (see Structure below). • Interest-only during the Interim Phase. • Hedge: Uncapped during the Interim Phase; cap required if converted to a floating rate Permanent Phase.
AMOUNT	<ul style="list-style-type: none"> • Loan-to-value (LTV) ratio: <ul style="list-style-type: none"> – Fund up to 80% of the as-is value, supported by the property acquisition price if applicable. – Periodic draws of unfunded loan proceeds (as opposed to an escrow) to reimburse the sponsor for up to 80% of the renovation costs on a monthly or quarterly basis, as work is completed, similar to construction financing. – Appraisal must demonstrate 80% as improved LTV (with fully funded renovation proceeds). • DCR: <ul style="list-style-type: none"> – Initial sizing: 1.20x interest-only "as-is". – As improved underwritten net operating income per appraisal must reflect no less than 1.30x amortizing DCR and will be subject to appraisal support.

In its prequalifying review, Lument will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.

ORIX Real Estate Capital Holdings, LLC, d/b/a Lument, is a subsidiary of ORIX Corporation USA. Securities, Investment Banking and Advisory Services provided through OREC Securities, LLC, d/b/a Lument Securities.

REHABILITATION	<ul style="list-style-type: none"> Additional documents: Freddie Mac Disbursement Agreement, Disbursement Servicing Agreement, Operating Deficit Agreement & Completion Guaranty for 80% of approved budget and all work initiated, construction scope, budget and schedule. Pre-Construction Analysis Report: Must provide opinion to whether construction plan can reasonably be completed within the budget and schedule. Draws: released upon request, but no more than once a month; first draw will be based on a certificate from the Servicer to Freddie Mac confirming that the request complies with the requirements set forth in the Disbursement Agreement (including but not limited to inspections, lien waivers and standard documentation); subsequent draws will require additional certifications as well as Freddie Mac's independent confirmation of the information/documents supporting the prior certification. 5% retainage of draws are held and released once satisfactory confirmation of completion of all budgeted work has been received. Monitoring: In addition to the draw certificates noted above, monitoring to reflect quarterly progress reports and inspections including rent rolls and operating statements. Timing: All units must be habitable by 6 months prior to conversion to the Permanent Phase, and all renovation work is expected to be completed by 3 months prior to conversion to the Permanent Phase. 	
STRUCTURE	<ul style="list-style-type: none"> Loan type: float-to-float or float-to-fixed. Conversion: Interim Phase is floating, followed by either floating or fixed Permanent Phase; note rate to be determined at loan origination. 	
PREPAYMENT	Float-to-Float 2% prepayment premium during Interim Phase; standard Freddie Mac prepay structures available thereafter.	Float-to-Fixed Yield Maintenance during Interim Phase; standard Freddie Mac prepay structures available thereafter.
FEES	Standard fees apply, including application fee based on fully funded loan amount and good faith deposit.	