CONSTRUCTION LENDING GUIDELINES

Multifamily and Built-to-Rent (SFR)

Lument's Real Estate Investment Strategies Group is the proprietary lending arm of Lument, a market leader in the mortgage banking services industry and the successor entity to Hunt Real Estate Capital, RED Capital Group and Lancaster Pollard.

FEATURES

- Cost and time savings using a single lender for construction, bridge and permanent debt.
- Exit fees waived if bridge or permanent debt is provided by Lument and affiliates.

LOAN AMOUNT	$20,000,000 to $50,000,000
ELIGIBLE PROPERTIES	Market-Rate Multifamily and Built-to-Rent single-family rental communities located in Primary and Secondary US Markets.
TERM	24 to 36 months; extension options may be offered on a case by case basis and subject to extension fees, minimum performance thresholds, purchase interest rate cap, and funded reserves.
LOAN-TO-COST & LOAN-TO-VALUE	70.00% (+/-5% depending on Market / Sponsor). Stabilized LTV stipulation based on final LTC, subject to new appraisal.
PRICING	Floating Rate 30 day LIBOR plus a competitive market spread, subject to adjustment for LIBOR phase-out in accordance with ARRC recommendations. Pricing is a function of term, leverage, capital markets, and other risk factors.
AMORTIZATION	Interest Only.
ORIGINATION & EXIT FEES	1.00% Origination. 1.00% Exit – Waived if any Lument affiliate provides takeout financing.
RECOURSE & GUARANTIES	Generally non-recourse with the exception of Lument's standard non-recourse carve-outs, completion and environmental indemnity agreement. Full/partial recourse considered when appropriate to deal structure. Guaranties include, but not limited to, Completion, Funding, Environmental, Limited, and Rebalancing.
THIRD PARTIES & KEY DILIGENCE	Borrower, Sponsor and Key Principal(s) shall be responsible for all expenses incurred by Lument in connection with the loan, including legal, out-of-pocket and other third party expenses. Guaranteed Maximum Price Contract, Bonding, Architectural Contract, Development Budget, Appraisal, Engineering Consultant Review, Final Plan/Specs/Permits prior to Close.
INTEREST & OPERATING RESERVE REQUIREMENTS	Lender will require Interest and Operating Reserve to cover interest and operating shortfalls during construction and lease-up. Replenishment concept structured on deal by deal basis.
SPONSOR/BORROWER PROFILE	Experienced developers with strong track record in given market. SPE borrowing entities required. Minimum net worth of 100% of the total debt stack. Minimum liquidity of 10% of total debt stack.
PERMANENT FINANCING EXCLUSIVE	Lument shall be granted the rights of first refusal and last look to arrange and/or provide Bridge, Agency or other permanent first mortgage financing for the Project.
PREPAYMENT	Open subject to minimum interest period depending on the term of the loan.

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.

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