

SMALL BALANCE LOANS

Fast, Flexible and Cost-Effective

As a leader in multifamily financing, Freddie Mac is changing the way small apartment loans are done by giving you more choices, better terms and a faster, simpler loan process. 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. Whether your goal is to grow your portfolio, improve returns on existing assets, or meet other financial goals, Freddie Mac has the strength, expertise and reliability to get you there.

The Hunt Mortgage Group and Freddie Mac Difference

When it comes to multifamily finance, Hunt Mortgage Group and Freddie Mac get it done. We work closely together to tackle complicated transactions, provide certainty of execution and fund quickly. Contact your Hunt Mortgage Group representative today.

<u>Eligible Seller/Service</u> rs	Freddie Mac-approved Small Balance Loan Seller/Service
Markets	Nationwide
Loan Amount	<ul style="list-style-type: none"> ① \$1 million to \$6 million in all markets ② Between \$6 million and \$7.5 million for properties with 75 units or less in Top and Standard SBL Markets
Loan Purpose	Acquisition or refinance
Loan Terms	<ul style="list-style-type: none"> ■ 20-year hybrid ARM with initial 5-, 7-, or 10-year fixed-rate period ■ 5-, 7-, or 10-year fixed-rate loan
Amortization	Up to 30 years
Interest Only	Partial-term interest-only; full-term interest-only may be available
Prepayments	Declining schedules and yield maintenance available for all loan types—please refer to the chart on page 3
<u>Eligible Borrowers/</u> Borrowing Entities	<p>Up to \$6 million - Individuals who are US citizens; limited partnerships; limited liability companies; Single Asset Entities; Special Purpose Entities; tenancy in common with up to five unrelated members; and Trusts (irrevocable trusts and revocable trusts with an individual guarantor)</p> <p>Between \$6 million and \$7.5 million – Single Asset Entities</p>
Recourse	Non-recourse with standard carve-out provisions required
Subordinate debt	Not Permitted
Net Worth and Liquidity	<ul style="list-style-type: none"> ■ Net worth: Equal to the loan amount ■ Liquidity: Equal to 9 months of principal and interest
Eligible Properties	<p>Multifamily housing with five¹ residential units or more, including:</p> <ul style="list-style-type: none"> - Properties with tax abatements and Section 8 vouchers - Cooperatives in the five boroughs of New York City and Long Island - Seniors housing with no resident services - Low-Income Housing Tax Credit (LIHTC) properties with Land Use Restriction Agreements (LURAs) in the extended use period or in the final 24 months of the initial compliance period (in both cases, provided the tax credit investor has exited the project)² - Properties with certain regulatory agreements with local, state or federal housing authorities that impose income and/or rent restrictions² - Properties with space for certain commercial (non-residential) uses³ <p>¹ Borrower entity required for properties in New Jersey with less than seven units ² Available for properties with 75 units or less; requires pre-screen approval from Freddie Mac SBL production ³ Contact your Freddie Mac representative for details</p>

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Ineligible Properties	<ul style="list-style-type: none"> ■ Seniors housing with resident services ■ Student housing (greater than 50% concentration) ■ Military housing (greater than 50% concentration) ■ Properties with Section 8 project based HAP contracts ■ Low Income Housing Tax Credit (LIHTC) properties with LURAs in compliance years 1 through 12 ■ Tax exempt bonds Interest Reduction Payments (IRPs) 															
Occupancy	<p>Property must be stabilized at:</p> <p>A. 90% physical occupancy for the trailing 3-month average prior to Underwriting or</p> <p>B. 85% physical occupancy for the trailing 3-month average prior to Underwriting if the subject property has any of the following characteristics:</p> <ul style="list-style-type: none"> i. Property is recently built or renovated in a Top Market ii. Property is <30 units iii. Acquisition with all of the following: <ul style="list-style-type: none"> ▫ Sophisticated acquiring sponsorship and management relative to current ownership ▫ Appraised occupancy and/or rents materially higher than subject's current operations ▫ Subject property has not experienced volatile historical occupancy swings ▫ No history of serious crime at the subject property 															
<u>Replacement Reserves</u>	<p>Underwritten replacement reserves will be determined based on a rating established in the streamlined PNA. The rating will estimate the level of improvements needed over the life of the loan. The rating scale will be similar to below:</p> <table border="1"> <thead> <tr> <th>Amount</th> <th>Level</th> </tr> </thead> <tbody> <tr> <td>\$200</td> <td>Low</td> </tr> <tr> <td>\$250</td> <td>Moderate</td> </tr> <tr> <td>\$300</td> <td>High</td> </tr> </tbody> </table>	Amount	Level	\$200	Low	\$250	Moderate	\$300	High							
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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 escrow deferred 															
Rate-Lock	60- to 120-day rate-lock period available															
Fixed-Rate/Hybrid ARM LTV Ratios and Amortizing DCRs	<p>LTV and DCR requirements vary based on the market tier in which the property resides: Top Market, Standard Market, Small Market or Very Small Market. To determine market tier, please consult the SBL Market Tiering list on our SBL Originate and Underwrite page.</p> <table border="1"> <thead> <tr> <th></th> <th>Minimum Amortizing DCR</th> <th>Maximum LTV</th> </tr> </thead> <tbody> <tr> <td>Top SBL Markets</td> <td>1.20x</td> <td>80%</td> </tr> <tr> <td>Standard SBL Markets</td> <td>1.25x</td> <td>80%</td> </tr> <tr> <td>Small SBL Markets</td> <td>1.30x</td> <td>70%*</td> </tr> <tr> <td>Very Small SBL Markets</td> <td>1.40x</td> <td>70%*</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	70%*	Very Small SBL Markets	1.40x	70%*
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	<p>* Maximum 75% LTV for Acquisitions</p> <p>* Minimum 1.25x Amortizing DCR for loans greater than \$6 million</p>
Full Term Interest-Only Adjustments	<p>Full Term IO or Full Term IO <u>during Fixed-Rate</u> Period of Hybrid ARM</p> <p>Maximum available Partial IO Period for Small and Very Small SBL Markets is limited to:</p> <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/20-year hybrid
<u>Prepayment Provisions</u>	<p>Fixed Rate</p> <p><u>Hybrid ARMs</u>¹</p> <p>¹ Hybrid ARM consists of an initial fixed-rate period followed by a floating-rate period is LIBOR +325 margin for 5-year hybrid period and LIBOR +275 margin for the 7- and 10-year hybrid periods. 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%. ² Prepay description: For example, for a Hybrid ARM "321(3), 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. ³ Higher of yield maintenance (YM) or 1% during the YM period. See Fixed Rate notes for details. ⁴ With 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, plus 1% of the projected unpaid principal balance outstanding as of the first payment date after the Initial Fixed Rate Period. Any prepayment made after the yield maintenance period, the prepayment charge will be 1.0% of the unpaid principal balance. See Hybrid ARM notes for details. ⁵ Top Markets only on 5-year fixed and Hybrid ARMs.</p>

PRODUCT SNAPSHOT

- Six hybrid ARM and fixed-rate options
- Non-recourse
- Interest-only available
- Up to 80% LTV in certain markets
- 30-year amortization
- Declining prepayment options
- Coupon pricing
- Certainty of execution
- Your servicing partner for the life of your loan

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