



## FREDDIE MAC<sup>®</sup> Small Balance Loan (SBL) Program

Arbor's Freddie Mac Small Balance Loan program streamlines the entire loan process for multifamily acquisition and refinancing loans ranging from \$1M to \$7.5M.

<b>LOAN AMOUNT</b>	Up to \$7.5M in all markets Note: Deals greater than \$6M and up to \$7.5M in small and very small markets may be permitted, subject to Freddie's approval of an exception request
<b>UNIT LIMITATIONS</b>	<ul style="list-style-type: none"> <li>• Loan amount ≤ \$6M: no unit limitations</li> <li>• Loan amount &gt; \$6M and ≤ \$7.5M: up to 100 units (exceptions permitted above 100 units)</li> </ul>
<b>LOAN TERM</b>	Fixed-rate loan terms of 5, 7 or 10 years; hybrid ARM loan terms of 20 years with initial 5, 7 or 10 years fixed
<b>AMORTIZATION</b>	Up to 30 years; interest-only options also available
<b>MINIMUM DSCR</b>	1.20 in top markets; 1.25 in standard markets; 1.30 in small markets; 1.40 in very small markets; minimum 1.25x amortizing DCR for loans greater than \$6M
<b>MAXIMUM LTV</b>	80% in top and standard markets 75% if acquisition in small/very small markets 70% refinance in small/very small markets
<b>FULL-TERM INTEREST ONLY DSC/ LTV THRESHOLDS</b>	<ul style="list-style-type: none"> <li>• Minimum DSC 1.35/maximum LTV 65% in top markets</li> <li>• Minimum DSC 1.40/maximum LTV 65% in standard markets</li> <li>• Minimum DSC 1.40/maximum LTV 60% in small markets</li> <li>• Minimum DSC 1.50/maximum LTV 60% in very small markets</li> </ul>
<b>RATE STRUCTURE</b>	Fixed and hybrid ARM loan terms available
<b>ELIGIBLE PROPERTIES</b>	Multifamily, minimum five residential units
<b>ELIGIBLE BORROWER</b>	Up to \$6M – individuals who are U.S. citizens; LPs; LLCs; SAEs; SPEs; TICs with up to five unrelated members; and trusts (irrevocable and revocable with warm-body guarantor) Between \$6M and \$7.5M – single asset entities
<b>OCCUPANCY REQUIREMENT</b>	Property must generally be stabilized at 90% physical occupancy for the trailing three-month average prior to underwriting or 85% for the trailing three-month average prior to underwriting under certain scenarios
<b>TAX AND INSURANCE ESCROWS</b>	Real estate tax escrow deferred for deals with 65% LTV or less; insurance escrow deferred
<b>REPLACEMENT RESERVES</b>	Underwritten at a minimum \$200 per unit per annum; replacement reserve escrow deferred, subject to acceptable property condition
<b>COMMERCIAL SPACE</b>	Allowed up to 40% of total net rental income; no more than 40% of building's square footage



<b>RECOURSE</b>	Nonrecourse with standard carve-out provisions required
<b>PREPAYMENT</b>	Declining schedules and yield maintenance available for all loan types; all prepayment options open for prepayment without penalty three months prior to maturity
<b>ASSUMABLE</b>	Subject to approval and 1% fee
<b>PRICING</b>	Tiered pricing matrix; more favorable terms available for higher DSC and lower LTV
<b>RATE LOCK</b>	60-, 90-, 120-, 150-, 180-day extended delivery options available
<b>FREDDIE MAC FEE</b>	Nonrefundable application fee (0.1% of loan amount in all markets except top markets) collected at time of rate lock
<b>GOOD FAITH DEPOSIT</b>	1% of loan amount due upon acceptance and execution of the SBL Rate Lock Application; refundable post-closing
<b>TOP MARKETS</b>	New York-Kings-Queens-Bronx-Richmond-Rockland-Westchester-Orange-Suffolk-Nassau-Bergen-Essex-Hudson-Somerset-Middlesex-Passaic-Union-Monmouth-Morris (NY-NJ-PA); Middlesex-Norfolk-Suffolk-Essex-Plymouth (MA-NH); District of Columbia-Montgomery-Prince George's-Arlington-Alexandria-Fairfax-Fairfax City-Falls Church City (DC-VA-MD-WV); Dallas (TX); Cook-Lake-DuPage (IL-IN-WI); Los Angeles-San Francisco-Sacramento-Contra Costa-Marin-Alameda-Orange-Santa Clara-San Mateo-San Diego (CA); Denver-Jefferson-Arapahoe-Adams (CO); Fairfield (CT); Miami-Broward-Palm Beach (FL); Dakota-Ramsey-Hennepin-Anoka (MN-WI); Washington-Clackamas-Clark-Multnomah-King-Pierce-Snohomish (OR-WA)