ARBOR

Freddie Mac® | Conventional Forwards

Arbor's Freddie Mac Optigo® Conventional Forwards program ("Conventional Forwards") is designed to provide permanent financing certainty for multifamily construction and substantial rehabilitation projects prior to stabilization, and Arbor is approved by Freddie Mac to issue Conventional Forward commitments and, subject to satisfaction of all program requirements and conversion conditions, originate the permanent Freddie Mac loan.

The structure allows qualified sponsors to secure permanent financing terms prior to the commencement of construction, improving construction lender confidence and reducing future refinancing uncertainty. Unlike a traditional stabilized agency execution, Conventional Forwards involve ongoing construction monitoring, technical review, and conversion requirements that must be satisfied during the forward portion of the transaction.

Eligible Property Types	Garden multifamily, mid-rise multifamily, high-rise multifamily, build-to-rent (BTR) communities, and certain student housing transactions subject to Freddie Mac approval
Financing Purpose	New construction or substantial rehabilitation
Construction Financing	May be provided alongside Arbor construction financing, bank construction financing, debt fund construction financing, or other eligible construction financing
Minimum Loan Amount	$10 million
Maximum LTV	80%
Minimum DSCR	1.25x
Terms	Fixed Rate: Up to 15 years Floating Rate: Up to 10 years
Maximum Forward Commitment Period	Up to 48 months
Maximum Amortization	Up to 35 years
Subordinate Financing	Not permitted
Eligible Borrowers	Sponsors pursuing long-term ownership strategies and seeking permanent financing certainty
Interest Rate Protection	Future permanent financing may be committed to prior to or during the construction phase, subject to Freddie Mac requirements
Index Lock	Subject to Freddie Mac approval and prevailing market conditions
Pricing Structure	Current Freddie Mac conventional pricing plus a forward commitment spread adjustment based on forward duration and structure
Indicative Pricing	10-year fixed-rate execution with a 3-year forward period has generally been discussed around approximately 60 bps over Freddie Mac's conventional pricing grid, subject to market conditions and Arbor and Freddie Mac approval
Fees	Includes Freddie Mac Application Fee, Standby Fee, Conversion Assurance Fee[1] (generally payable at rate lock), and other transaction costs, as applicable
Breakage/Make-Whole	May apply under the terms of the forward commitment, including certain failed conversion or non-delivery scenarios
Extension Costs	Extension economics may be significant depending on market conditions and timing

Tax and Insurance Escrows	Generally required
Replacement Reserves	Generally required
Third-Party Oversight	Ongoing monitoring, inspections, technical reviews, and reporting requirements throughout construction and stabilization
Third-Party Costs	Borrowers should expect ongoing costs related to construction monitoring, inspections, technical reporting, consultant review, legal expenses, and conversion-related oversight
Construction Monitoring	Recurring inspections, draw package review, technical consultant involvement, and ongoing reporting generally required
Conversion Requirements	Subject to satisfaction of Freddie Mac's applicable conversion requirements, including review of construction completion, lease-up performance, operational stabilization, technical documentation, and other program requirements
Typical Use Cases	Sponsors seeking permanent financing certainty, improved construction financing execution, enhanced lender confidence, and reduced refinancing risk
Typical Transaction Timeline	• Forward Commitment and Construction Financing – Borrower secures construction financing and simultaneously seeks Freddie Mac permanent financing commitment • Construction and Lease-Up – Project proceeds through construction and stabilization with ongoing monitoring and reporting • Conversion – Upon satisfaction of Freddie Mac conversion requirements, the permanent Freddie Mac loan funds
Important Structuring Considerations	• Borrowers should generally be conservative when selecting the original forward commitment period • Construction delays and stabilization timing may materially impact extension economics • In many cases, building additional time into the original forward commitment may be preferable to relying on future extensions • Early coordination among the sponsor, construction lender, Arbor, and Freddie Mac can improve execution and reduce conversion risk
Key Considerations	• Permanent financing certainty • Improved construction financing execution • Enhanced lender confidence • Reduced refinancing risk • Long-term ownership financing solutions • Meaningful forward commitment obligations • Ongoing monitoring and reporting requirements • Third-party oversight costs • Potential breakage exposure if the transaction does not convert
Final Thoughts	The Freddie Mac Conventional Forwards program is designed to help sponsors secure long-term permanent financing certainty prior to commencing the construction phase of a project. For the right sponsor and project, the structure may provide enhanced construction financing flexibility, reduced refinancing uncertainty, improved capital markets visibility, and greater confidence around future permanent execution.

[1] Sponsor may either pay the fee or execute a Conversion Assurance Note and Mortgage subject to certain conditions.