

Arbor Proprietary Preferred Equity behind Conventional Loans

Authorized to provide proprietary preferred equity (PE) behind its own-originated Freddie Mac® Conventional loans, Arbor now gives borrowers access to a best-in-class execution for both their senior and PE requirements, all under the same roof. Experience the ease of execution of a simultaneous origination process and the convenience of servicing from one full-service Optigo® lender.

PE Amount	Generally, \$3M - \$25M; however, larger or smaller investment amounts are considered.
PE Term	Coterminous with the Freddie Mac Senior Mortgage, per Freddie Mac Policy
Amortization	Interest Only
Minimum Combined DSCR	As low as 1.05x (IO PE, Amortizing Senior)
Maximum Combined	Up to 90% (Freddie Mac Senior + PE)
Rate Structure	Fixed
Eligible Properties	Standard multifamily housing, student housing, manufactured housing communities, cooperative housing and built-to-rent properties subject to Freddie Mac Conventional Policies.
Financing Purpose	May be used for acquisition or refinance
Eligible Borrower	Borrowers must qualify for Freddie Mac Conventional senior
Pricing	Tiered pricing matrix. More favorable terms available for higher combined DSCR and lower LTV. Current pay and accrual available subject to Arbor's determination. Generally, from 6% current pay and from 12% combined current pay and accrual for very well-qualified borrowers
Rate Lock	PE can be combined with certain Freddie Mac Conventional loan features such the early rate lock option and index lock option. Eligibility subject to Freddie Mac approval.
Phased Contributions	Arbor will consider phased contributions of preferred equity during the course of the senior loan up to the maximum allowed by Freddie Mac at origination. Cash flows at the time of request for additional preferred equity contributions subject to revised DSCR and LTV re-testing.
Tax and Insurance Escrows	Generally required
Replacement Reserves	Generally required

Commercial Space	Generally, no more than 25% of effective gross income and no more than 25% of the property’s total square footage. Exceptions may apply and are subject to Freddie Mac approval.
Required Reports	Appraisal, Property Condition Assessment, Phase I Environmental, Zoning, Insect, and Flood and Insurance Review
Application Deposit	\$75,000 for the PE portion (does not include deposits for the Freddie Mac Senior Mortgage)
Legal/Closing Fee	Arbor’s counsel fee to be determined at application
Early Repayment of PE	Allowed