Freddie Mac®

Arbor Proprietary Preferred Equity behind Conventional Loans

Authorized to provide proprietary preferred equity (PE) behind its own-originated Freddie Mac® Conventional and Lease-Up mortgages, Arbor provides borrowers access to best-in-class execution for both their senior mortgage financing and preferred equity needs, 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, $2 million - $25 million (larger investment amounts may be considered)
PE Term	Coterminous with the Freddie Mac Conventional or Lease-Up Mortgage, per Freddie Mac policy
Amortization	Scheduled Amortization: None
Minimum Combined DSCR	As low as 1.05x (IO PE, Amortizing Senior, or Lease-Up)
Maximum Combined Leverage	Up to 90% (Freddie Mac Senior or Lease-Up + 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. Cash-out refinances permitted on a case-by-case basis.
Eligible Borrower	Borrower and sponsor must qualify for the applicable Freddie Mac Conventional or Lease-Up mortgage, and the preferred equity structure must satisfy Arbor and Freddie Mac requirements.
Pricing	The preferred return is generally 13%, with current pay generally not less than 9%. Arbor may consider current pay as low as 7% for the strongest transactions, including high-quality assets in strong primary markets and sponsors with substantial multifamily experience, financial capacity and a strong track record. Final pricing is subject to Arbor approval, Freddie Mac approval and transaction-specific underwriting.
Rate Lock	PE may be available in combination with certain Freddie Mac Conventional rate-lock features, including early rate lock and index lock, subject to Arbor and Freddie Mac approval.
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 Arbor and Freddie Mac approval.
Required Reports	Includes Appraisal, Property Condition Assessment, Phase I Environmental, Zoning, Wood-Destroying Insect, and Flood Determination and Insurance Review, as applicable

Application Deposit	1% of the PE Amount or $50,000, whichever is greater (does not include deposits for the Freddie Mac Loan)
Legal Fee	Arbor's PE counsel fee to be determined at application
Early Repayment of PE	Allowed, subject to the definitive PE documents and any applicable Freddie Mac requirements

Terms are indicative only and subject to Arbor approval, Freddie Mac approval, due diligence, underwriting, legal review, and definitive documentation.