

## FREDDIE MAC OPTIGO®

### Student Housing Value-Add

Our Student Housing Value-Add Loan offers short-term, cost effective financing for modest property upgrades. Borrowers receive competitive pricing and lower execution costs. Both interest-only and uncapped floating-rate loans are available. And, with all Freddie Mac financing, this loan is non-recourse and provides “one-stop shopping” for upgrade and permanent financing.

#### DOES YOUR STUDENT HOUSING PROPERTY NEED A LIGHT RENOVATION?

<b>ELIGIBLE BORROWERS</b>	<ul style="list-style-type: none"> <li>Experienced Borrowers who have successfully demonstrated expertise with comparable student deals.</li> <li>1.5x the standard minimum net worth and liquidity requirements for guarantors.</li> </ul>
<b>ELIGIBLE PROPERTY TYPES</b>	<ul style="list-style-type: none"> <li>Properties with no more than 250 total units or 625 beds.</li> <li>Well-constructed properties requiring modest repairs.</li> <li>Market laggards that require capital infusion and new/improved management.</li> <li>Real-estate owned properties in receivership that are capable of improved performance.</li> </ul>
<b>SCHOOL SIZE</b>	<ul style="list-style-type: none"> <li>15,000 student enrollment minimum. This standard is greater than the student housing policy minimum of 8,000. Properties must be within 2 miles of campus and have convenient access to campus by either public transit, shuttle or pedestrian access.</li> </ul>
<b>TERMS</b>	<ul style="list-style-type: none"> <li>Three years with one 12-month extension based on the borrower's request and one optional 12-month extension based on Freddie Mac's discretion.</li> <li>Floating-rate loan with full-term interest-only; no cap required.</li> <li>No lock out; borrower may pay off the loan at any time but must remit an exit fee of 1%; the exit fee will be waived if the loan is refinanced with Freddie Mac.</li> <li>Acquisitions and refinances; not assumable.</li> <li>Loan documentation at origination will include the Value-Add Rider rider, which will detail the terms/requirements of the rehabilitation.</li> <li>Escrows will include taxes, insurance, replacement reserves and Priority Repairs must be escrowed. A three-month debt service escrow is required for all transactions during the renovation phase. Upon completion of 40% of the renovation work, 50% of the escrow may be released. Upon completion of 80% of the renovation work, the remaining amount of escrow may be released. In addition to the completion requirements, the DSCR must be 1.25x or higher to qualify for release of escrow.</li> <li>For longer term ownership, cash-out is available provided a completion guaranty on budgeted improvements in an amount at least equal to the cashout in place.</li> </ul>
<b>AMOUNT</b>	<ul style="list-style-type: none"> <li>Maximum loan-to-purchase / loan-to-value (LTV) ratio: 85%.</li> <li>Minimum amortizing debt coverage ratios (DCR): 1.20x.</li> <li>Sizing based on a 7-year sizing note rate.</li> <li>Appraisal must include as-is and as-stabilized values; underwriting must support a 1.35x DCR and 75% LTV based on as-stabilized value supported by the appraisal.</li> <li>Standard Freddie Mac underwriting based on as-is income and expense.</li> <li>Refinance Test not required.</li> <li>No pro-forma underwriting of future performance.</li> </ul>

For important disclosures about Lument and the information found in this term sheet [click here](#).

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**REHABILITATION**

- Rehabilitation must commence within 90 days of loan origination and be completed within 33 months.
- A scope of work is required. Budget may range from \$10,000 - \$25,000 per unit or \$4,000 - \$10,000 per bed. The budget must allocate at least 25% to interior improvements.
- Budget can be adjusted by as much as 20% without additional approval; up to 50% of the budget may be spent on unit interiors.
- Completion Guaranty or rehabilitation escrow required.
- Borrower/Service reporting required.

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**AT LOAN MATURITY/REFINANCE**

- Final engineer review of work completion and quality is required.
- Refinance with Freddie Mac with no exit fee; otherwise 1% applies.
- Freddie Mac will re-underwrite the loan to then current property performance.
- One-year borrower extension option is available for a 0.5% extension fee, assuming no event of default.
- Additional Freddie Mac extension option is available thereafter with 1% extension fee.

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**FEES**

Standard fees apply, including application fee and good faith deposit.

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