

FREDDIE MAC WORKFORCE HOUSING MEZZANINE LOAN

- Best-in-class mezzanine financing for Borrowers who preserve affordable housing
- Up to 90% leverage for eligible properties
- Combined DCR as low as 1.05x
- Streamlined simultaneous origination with a 10-year Conventional Freddie Mac Loan
- Straightforward annual monitoring of rents ensures continued affordability

PRODUCT DESCRIPTION	<ul style="list-style-type: none">• Our Workforce Housing Mezzanine Loan empowers Borrowers to preserve more affordable housing and impact their communities• Borrowers obtain both senior debt and a mezzanine loan through a streamlined single-source process with favorable pricing on the mezzanine loan• In exchange for favorable pricing, Borrowers agree to limit rent growth on 80% of units in the property (Minimum Set-Aside Units) though our Preservation of Affordable Rents Covenant (PARC) — with allowances made for certain uncontrollable expenses and one-time capital expenditures that extend the useful life and marketability of the property• Straightforward annual monitoring of rents ensures the units stay affordable to the nation’s workforce	BORROWER REQUIREMENTS <ul style="list-style-type: none">• Mezzanine Borrower: A single-purpose, bankruptcy remote Delaware single-member limited liability company, owned and controlled, directly or indirectly, by the project Sponsor• Senior Borrower: A single-purpose, bankruptcy remote Delaware single-member limited liability company, owned and controlled directly by the Mezzanine Borrower and indirectly by the project Sponsor		
	TERM		10 years; the Conventional Freddie Mac Loan (Senior Loan) and Mezzanine Loan must be coterminous	ELIGIBLE PROPERTIES/AFFORDABLE UNITS <ul style="list-style-type: none">• Properties must have at least 50% of the rents affordable to households making 100% Area Median Income (AMI) or below, or• Properties must be in relatively affordable census tracts and have at least 50% of units with rents less than or equal to median rent
	INTEREST RATE		Fixed or floating options are available with best-in-market pricing. Floating-rate Mezzanine Loans will not require the purchase of an interest rate cap	
	AMORTIZATION		Interest-only payments throughout the term of the Mezzanine Loan	
	MAXIMUM COMBINED LOAN-TO VALUE (LTV) RATIO		10% above the LTV of the Senior Loan, not to exceed 90%	
MINIMUM COMBINED DEBT COVERAGE RATIO (DCR)	0.20 below the DCR for the Senior Loan, but no less than 1.05x based on amortizing debt service on the Senior Loan and interest-only on the Mezzanine Loan			
GUARANTOR	Project sponsor and/or other entities/persons acceptable to Freddie Mac at our discretion			
COLLATERAL FOR MEZZANINE LOAN	A first-priority pledge by the Mezzanine Borrower of 100% of the equity interests in Senior Borrower			
RECOURSE/GUARANTEES	Consistent with the Senior Loan, provided that the Mezzanine Loan also becomes full recourse to the Borrower if the Senior Borrower grants a deed in lieu of foreclosure to the Senior Lender or fails to comply with the PARC for two consecutive years			
PREPAYMENT STRUCTURE AND LIMITATIONS	<p>The Mezzanine Loan may not be prepaid except as follows:</p> <ul style="list-style-type: none">• In whole, if the Mezzanine Loan is refinanced under a Freddie Mac loan program and the preservation of affordability is maintained for a period not less than the remaining term of the Mezzanine Loan or• In part, provided that any prepayment in part must reduce the unpaid principal balance on the Mezzanine Loan to \$1.00, thereby preserving the affordability• During the last 3 months, the Mezzanine Loan may be prepaid in full at par <p>Note that prepayment in above scenarios will still be subject to prepayment fees and a lockout period (24 months).</p>			