



Freddie Mac High-Leverage Loan Product

DESCRIPTION

Deutsche Bank Berkshire Mortgage offers the High-Leverage Loan Option for conventional fixed-rate first mortgages through Freddie Mac. Borrowers who choose this execution will be able to obtain financing for up to 85 percent loan-to-value (LTV). This option is intended to improve the process and reduce the cost of obtaining higher leverage financing by eliminating the need to pursue additional proceeds from third-party sources. The loan will be underwritten to take into account that it will be originated with two notes and two mortgages. Freddie Mac will purchase the larger first mortgage through its normal funding process, and CWCapital will purchase the smaller second mortgage directly from the seller/servicer. The loan term, amortization and prepayment provisions will be the same for both pieces; however, each note will have a separate interest rate. The borrower will make payments to the seller/servicer. The seller/servicer will remit the first mortgage payments to Freddie Mac and the second mortgage payments to CWCapital. Eligible Properties include:

- Stabilized garden-style, low-, mid- and high-rise apartments.
- Market-rate only – no student, military, or Section 8 tenant concentrations greater than 25%, no tax credit, manufactured or seniors housing.

BENEFITS / FEATURES

- Obtain financing up to 85 percent loan-to-value.
- Eliminating the need to pursue additional proceeds from third-party sources.

LOAN STRUCTURE

LOAN AMOUNT	\$3 million to \$22.5 million
LOAN TO VALUE	<u>Combined:</u> 85% (maximum)
.....	<u>First Mortgage:</u> 75% (maximum)
.....	<u>Second Mortgage:</u> The greater of 10% or \$500,000 (maximum \$2,500,000)
DEBT SERVICE COVERAGE	<u>Combined:</u> 1.15x (minimum)
LOAN TERMS	7 to 10 years (may add 1-year extension period with fixed-to-float option). Each first and second mortgage will have equal terms running concurrently.
AMORTIZATION	Up to 30-year amortization schedule on each first and second mortgage.
RECOURSE	Loans are non-recourse with standard carve-out provisions.
RATES	Separate fixed interest rates on the first and second mortgage locked simultaneously.

OPTIONAL FEATURES

SUBORDINATE FINANCING	No additional debt allowed while second mortgage is outstanding.
ASSUMABILITY	Permitted subject to standard terms and conditions of Freddie Mac, DBBM, and CW Capital.
PREPAYMENT	Yield Maintenance and other flexible structures of prepayment are available.