

STUDENT HOUSING LOAN

Custom Financing for a Specific Purpose

Since 2010, Freddie Mac has originated more than \$9 billion and securitized almost \$5 billion in purpose-built student housing loans. As a leader in the student housing finance sector, Freddie Mac offers extensive experience with this product type and can customize loans to fit your needs. Together with Hunt Real Estate Capital's expertise we provide a robust understanding of student housing's specific attributes and a tremendous familiarity with most universities nationwide.

The Hunt Real Estate Capital and Freddie Mac Difference

When it comes to multifamily finance, Hunt Real Estate Capital and Freddie Mac get it done. We work closely together to tackle complicated transactions, provide certainty of execution and fund quickly. Contact your Hunt Real Estate Capital representative today - we're here to help.

PRODUCT SNAPSHOT

- Ability to achieve up to 80% LTV
- Interest-only loans available and can vary by loan term and leverage levels
- Ability to obtain a supplemental loan within one year of financing
- All dedicated student property types are eligible for financing, including garden, cottage, mid-rise, and high-rise properties
- Newly built properties or assets with less than 2 years of stabilized operating history may require DCR/LTV adjustments
- Pre-leasing reserve requirement could be applicable during specific time periods and pre-leasing levels

ELIGIBLE BORROWERS

- Borrower may be a limited partnership, corporation, limited liability company, or a tenancy-in-common (TIC) with 10 or fewer tenants-in-common.
- General partnerships, limited liability partnerships, real estate investment trusts (REITs) and certain trusts may also be acceptable in limited circumstances, subject to additional requirements.
- Borrower must generally be a Single Purpose Entity (SPE); however, on loans less than \$5 million, upon borrower's request, a borrower other than a TIC may be a Single Asset Entity instead of an SPE.
- If the borrower is structured as a TIC, each tenant in common must be a SPE.

ELIGIBLE PROPERTY TYPES

- Purpose-built student housing properties; must have a minimum of one bathroom for every two bedrooms, and each apartment must have a separate full kitchen based on Freddie Mac's discretion.
- Stabilized garden, mid-rise and high-rise apartment properties that are greater than 50 percent occupied by student tenants.
- Supporting college/university has 8,000 or more students; student housing properties located within close proximity to multiple schools that have a combined student body of 8,000 students or more will be considered.
- Property is located less than two miles from college/university or on a public transportation route.

TERMS

- 5-10 years (up to 30 years for fixed-rate loans if loan is not purchased for securitization).

AMOUNT

- Generally, \$5 to \$100 million (larger and smaller loans will be considered).

MAXIMUM AMORTIZATION

- 30 years.

FINANCING OPTIONS

- Acquisition or refinance.

GROUND LEASE

- Ground lease for land owned by a college or university may be permitted with prior approval.

LEASE PARAMETERS

- Individual tenant lease by the apartment, bedroom or by the bed.
- Rent under a master lease may be permitted with prior approval.

LEASE GUARANTY

- Parental guaranty is preferred.

- **RECOURSE REQUIREMENTS**
 - Non-recourse except for standard carve-out provisions.
- **SUPPLEMENTAL LOANS**
 - Available subject to requirements in the Loan Agreement and current Freddie Mac program and product requirements at the time of the supplemental loan request.
- **EXCLUSIONS**
 - Residence halls or other multiple occupancy rooms with a shared common bathroom and centralized food service areas or dining halls.
- **TAX AND INSURANCE ESCROW**
 - Generally required.
- **REPLACEMENT RESERVE DEPOSIT**
 - Generally a minimum of \$150 per bedroom or \$300 per unit.
- **APPLICATION FEE**
 - Greater of \$2,000 or 0.1% of loan amount.
- **EARLY RATE-LOCK OPTIONS (FOR FIXED- RATE LOANS)**
 - Early rate-lock and Index Lock options available; Sellers should consult with their regional Hunt Real Estate Capital representative to determine eligibility.
- **OTHER OPTIONS AND REQUIREMENTS**
 - Please refer to the Fixed-Rate Loan or Floating-Rate Loan term sheets for additional information.
- **REFINANCE TEST**
 - No Refinance Test is necessary if the loan has an amortizing debt coverage ratio (DCR) of 1.40x or greater and a loan-to-value (LTV) ratio of 65% or less; all partial-term interest-only loans must pass the Refinance Test.

LOAN-TO-VALUE (LTV) RATIOS AND AMORTIZING¹ DEBT COVERAGE RATIOS (DCR)²

Fixed-Rate Base Conventional Maximum LTV and Minimum DCR	Fixed-Rate/Floating-Rate ³ LTV/DCR		
	Amortizing	Partial-Term Interest-Only ⁴	Full Term Interest-Only
Acquisitions and Refinances			
>5-Year and <7-Year Term	75% / 1.35X	75% / 1.35X	65% / 1.45X
7-Year Term	80% / 1.30X	80% / 1.30X	70% / 1.40X
<7-Year Term	80% / 1.30X	80% / 1.30X	70% / 1.40X

¹ The DCR calculated for the partial-term interest-only and full-term interest-only periods uses an amortizing payment.

² Adjustments may be made depending on the property, product and/or market. For properties with less than 2 years of leasing operations, subtract 5% from the LTV and add 0.05 to the DCR.

³ Floating-rate proceeds are calculated based on the comparable fixed note rate.

⁴ For partial term interest-only loans, there must be a minimum amortization period of 5 years for loans with terms greater than 5 years. Acquisition loans with 5-year terms may have up to 1 year of partial-term interest-only. For terms of 10 years or more, loans may have interest only in an amount equal to no more than half of the loan term.

FOR MORE INFORMATION, PLEASE CONTACT YOUR HUNT REAL ESTATE CAPITAL REPRESENTATIVE.