

Re-Think Your Small Apartment Loan

Get the best terms and choice with our streamlined execution for \$1 million to \$5 million loans, available nationwide - Contact red star mortgage, your multi-family financing specialists today.

Product Highlights

Choose from six highly-competitive loan offerings with a combination of features not available anywhere else:

- **5, 7, and 10-year fixed-rate and hybrid ARMs**
- **30-year amortization**
- **Partial- and full-term interest only available**
- **Up to 80% LTV**
- **Cash-out options**
- **No underwriting floors in top markets**
- **Coupon-based pricing**
- **Declining prepayment options**

A Better Borrower Experience

It's what sets us apart and is at the heart of everything we do.

It's our commitment to speed and certainty of execution. Innovations that simplify due diligence and streamline loan documents. Personal service from in-market experts who deliver flexible solutions for any deal. Our industry-leading Servicing Standard backed by our position as Master Servicer on each Small Balance Loan, for simplified asset management.

In short, we're your partner for the life of your loan.

Get a quote today

Small Balance Loan Detailed Term Sheet

- Financing for the acquisition or refinance of small balance loans, providing liquidity, stability, and certainty of execution to the rental housing market nationwide using hybrid ARM or fixed-rate loan products, offering partial-term and full-term interest-only
- Streamlined processes during pricing, underwriting, closing and funding
- Streamlined loan documents

Eligible Property	5-50 Unit Multi-Family Properties
Markets	Nationwide
Loan Amount	\$1 million to \$5 million
Loan Purpose	Acquisition or refinance
Loan Terms	<ul style="list-style-type: none"> ▪ 20-year hybrid ARM with initial 5-, 7-, or 10-year fixed-rate period ▪ 5-, 7-, or 10-year fixed-rate loan
Amortization	Up to 30 years
Interest Only	Partial interest-only; full-term interest-only may be available
Prepayments	Declining schedules and yield maintenance available for all loan types; defeasance available for fixed-rate loans only.
Third Party Subordinate Financing	Permitted subject to certain restrictions; combined loan-to-value (LTV) ratio cannot exceed 80% or go below combined debt-service coverage ratio (DCR) of 1.25x
Eligible Borrowers/ Borrowing Entities	Individuals who are U.S. citizens; limited partnerships; limited liability companies; Single Asset Entities (SAE); Special Purpose Entities (SPE); tenancy-in-common (TIC) with up to five unrelated members; and Trusts (irrevocable trusts and revocable trusts with a warm body guarantor)
Recourse	Non-recourse with standard carve-out provisions required
Net Worth and Liquidity	<ul style="list-style-type: none"> ▪ Net worth: Equal to the loan amount ▪ Liquidity: Equal to 9 months of principal and interest
Eligible Properties	Conventional multifamily housing with five residential units or more, including conventional housing with tax abatements and Section 8 vouchers, and cooperatives in the five boroughs of New York City and Long Island

Ineligible Properties	Seniors housing, student housing (greater than 50% concentration), military housing (greater than 25% concentration), Targeted Affordable Housing, and properties with LURAs (exceptions for expiring LIHTC-financed properties)																		
Occupancy	<p>Property must be stabilized at 90% physical occupancy for the trailing 3-month average prior to Underwriting <i>or</i> 85% for the trailing 3-month average prior to Underwriting if subject property has any of the following characteristics:</p> <ul style="list-style-type: none"> i. Property is recently built or renovated in a top market ii. Property is <30 units iii. Acquisition with all of the following: <ul style="list-style-type: none"> 1. Sophisticated acquiring sponsorship and management relative to current ownership 2. Appraised occupancy and/or rents materially higher than subject's current operations 3. Subject property has not experienced volatile historical occupancy swings 4. No history of serious crime at the subject 																		
Replacement Reserves	<p>Underwritten replacement reserves will be determined based on a rating established in the streamlined PNA. The rating will estimate the level of improvements needed over the life of the loan. The rating scale will be similar to below:</p> <table border="1" data-bbox="818 1121 1182 1320"> <thead> <tr> <th>Amount</th> <th>Level</th> </tr> </thead> <tbody> <tr> <td>\$200</td> <td>Low</td> </tr> <tr> <td>\$250</td> <td>Moderate</td> </tr> <tr> <td>\$300</td> <td>High</td> </tr> </tbody> </table>	Amount	Level	\$200	Low	\$250	Moderate	\$300	High										
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Escrows	<ul style="list-style-type: none"> ▪ Real estate tax escrow deferred for deals with an LTV ratio of 65% or less ▪ Insurance escrow deferred ▪ Replacement reserve escrow deferred 																		
Rate-Lock	60- to 120-day rate-lock period available																		
Fixed-Rate/Hybrid ARM LTV Ratios and Amortizing DCRs	<p>LTV and DCR requirements vary based on the market tier in which the property resides: Top Market, Standard Market, Small Market, or Very Small Market. Contact Red Star Mortgage to determine market tier.</p> <table border="1" data-bbox="633 1696 1369 1942"> <thead> <tr> <th></th> <th>Minimum Amortizing DCR</th> <th>Maximum LTV</th> </tr> </thead> <tbody> <tr> <td>Top Markets</td> <td>1.20x</td> <td>80%</td> </tr> <tr> <td>Standard Markets</td> <td>1.25x</td> <td>80%</td> </tr> <tr> <td>Small Markets</td> <td>1.30x</td> <td>70%*</td> </tr> <tr> <td>Very Small Markets</td> <td>1.40x</td> <td>70%*</td> </tr> <tr> <td colspan="3" style="text-align: center;">* Maximum 75% LTV for Acquisitions</td> </tr> </tbody> </table>		Minimum Amortizing DCR	Maximum LTV	Top Markets	1.20x	80%	Standard Markets	1.25x	80%	Small Markets	1.30x	70%*	Very Small Markets	1.40x	70%*	* Maximum 75% LTV for Acquisitions		
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<p>¹ Hybrid ARM consists of an initial fixed-rate period followed by a floating-rate period. The floating rate is based on 6 month LIBOR + 275 margin with a 1 day lookback period. Every 6-months, the floating rate may increase or decrease by 1%, never be less than a floor of the initial fixed interest rate and never be greater than a maximum lifetime cap of the initial fixed interest rate + 5%.</p> <p>² Prepay description: For example, for a Hybrid ARM “321(3), 1%” refers to 3% for year 1 of the fixed-rate period, 2% for year 2, 1% for the next 3 years, then 1% during the remaining floating-rate period.</p> <p>³ Higher of yield maintenance (YM) or 1% during the fixed-rate period; 1% during the floating-rate period. For purposes of this exhibit, the formula to calculate YM or Yield Maintenance under Fixed Rate and a Hybrid ARM are different. Please see the Fixed Rate and Hybrid ARM notes for details.</p> <p>⁴ Defeasance is available only for fixed-rate loans.</p>																							