

**FULCRUM SMBS***Fulcrum Small to Medium Balance Sheet Program*

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**Overview**

The United States is facing a housing shortage and home affordability crisis. Fulcrum Lending Corporation's goal is to contribute to the creation and preservation of affordable housing across the U.S. through the provision of flexible debt capital to qualified real estate investors and operators. Fulcrum SMBS is a program designed to be transparent and efficient for all participants in the loan process to not only simplify the procurement of debt but to also allow for borrowers to focus on investment and creation/preservation of affordable housing. Borrowers may leverage Fulcrum Lending Corporation's detailed underwriting and pricing platform to accurately underwrite financeable terms for the acquisition and/or capital improvement of multifamily properties anywhere within the United States. One lender, one stop, one loan product for any multifamily housing type and strategy. Brokers no longer need to understand and educate borrowers on multiple lending products for various strategies and multifamily sub-asset classes; only one - Fulcrum SMBS.

**Geography**

Nationwide

**Strategies**

- Market Rate Affordable; Manufactured Multifamily Housing
- Heavy to Light Value Add
- Vacant to Moderate Lease-up
- New Construction Take-out Financing

**Product Highlights**

- Financing for the acquisition or refinance of small to medium balance loans, offering partial-term and full-term interest only
- Streamlined process for underwriting, closing, and funding
- Streamlined loan documents
- Flexible prepaids

**Eligible Borrowers/ Borrowing Entities**

Up to \$20 million - Individuals who are US 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 an individual guarantor)

**Funding Timeline**

30-60 days

**Fixed Term**

1-10 yrs

**Amount**

\$1 million to \$20 million

**Leverage**

Up to 80% LTV

**DSCR**

1.15x Minimum in Strong Markets

**Max Amortization**

Up to 30 years

**Interest Only**

Permitted on Moderate Leveraged Properties in Strong Markets and Low Leveraged Properties in Small Markets

**Prepayments**

Declining Prepayment schedules and yield maintenance available for all loan types – please refer to the chart on page 3

**Recourse**

Non-recourse and Recourse options available

**Net Worth and Liquidity**

- Net worth: equal to 50-75% of the loan amount
- Liquidity: equal to 6-9 months of debt service
- Exceptions approved based on borrower experience

**Eligible Properties**

Multifamily housing with five residential units or more, including:

- Properties with tax abatements
- Seniors housing with no resident services
- Properties with space for certain commercial (non-residential uses)
- Properties with tenant-based housing vouchers (section 8)
- Low-Income Housing Tax Credit (LIHTC) properties with Land Use Restriction Agreements (LURAs) that are in either the final 24 months of the initial compliance period or the extended use period (investor must have exited)
- Properties with local rent subsidies for 10% or fewer units where the subsidy is not contingent on the owner's initial or ongoing certification of tenant eligibility
- Properties with certain regulatory agreements that impose income and/or rent restrictions, provided all related funds have been disbursed

**Occupancy**

Property must generally be stabilized at 90% physical occupancy for the trailing 3-month average prior to Underwriting or 85% for the trailing 3-month average prior to Underwriting under certain scenarios. For occupancies below 85% expense and interest reserves will be required.

### **Escrows**

Deferred for Loans with LTVs below 65%

### **Rate Lock**

30 to 90 days

### **Assumability**

Yes, upon qualifications of assuming borrower

### **Market Tiers**

Top Markets: Certain Counties (but not all) in the following MSA's: New York, Los Angeles, Chicago, Washington D.C., San Francisco, Miami, Boston, San Diego, Minneapolis, Denver, Portland, San Jose and Stamford CT

Standard Markets: Typically, greater than 105k rental population (determined by Census Bureau). Most MSA's of significant size, including Counties of Top Market MSA's which are excluded from the Top Market List.

Small Markets: Typically, between 30k- 105k rental population. Smaller MSA's (examples Fayetteville NC, Salem OR, Green Bay WI, Amarillo TX, Topeka KS)

Very Small Markets: Typically, less than 30k rental population. Very Small Markets of MSA's (examples Sioux Falls SD, Albany GA, Abilene TX, Panama City FL, Napa CA)

<b>Sizing Parameters</b>	<b>Max LTV - Acquisition</b>	<b>Max LTV - Refinance</b>	<b>Minimum DSCR</b>
<b>Top Markets</b>	80%	80%	1.15x
<b>Standard Markets</b>	80%	80%	1.20x
<b>Small Markets</b>	75%	70%	1.25x
<b>Very Small Markets</b>	75%	70%	1.35x

### **Interest Only Option Spread Adjustment**

<b>Terms</b>	<b>Top</b>	<b>Standard</b>	<b>Small</b>	<b>Very Small</b>
<b>5yr Fixed</b>	1 yr + 1bps	1 yr + 1bps	n/a	n/a
<b>7yr Fixed</b>	2 yrs + 2bps	2 yrs + 2bps	1 yr + 1bps	1 yr + 1bps
<b>10 Yr Fixed</b>	3 yrs + 3bps	3 yrs + 3bps	2 yrs + 2bps	2 yrs + 2bps
<b>5 Yr Hybrid</b>	1 yr + 1bps	1 yr + 1bps	n/a	n/a
<b>7 Yr Hybrid</b>	2 yrs + 2bps	2 yrs + 2bps	1 yr + 1bps	1 yr + 1bps
<b>10 Yr Hybrid</b>	3 yrs + 3bps	3 yrs + 3bps	1 yr + 1bps	1 yr + 1bps

## **Full-Term Interest-Only Adjustments**

	<b>Add to Baseline DSCR</b>	<b>Max LTV</b>
<b>Top &amp; Standard SMBS Markets</b>	0.15x	65%
<b>Small &amp; Very Small SMBS Markets</b>	0.10x	60%

## **Prepayment Provisions**

- “Standard” Prepayment
  - 5 year: 5-4-3-2-1
  - 7 year: 5-5-4-4-3-2-1
  - 10 year: 5-5-4-4-3-3-2-2-1-1
- “Soft” Step-Down available for additional 15 basis points to rate
  - 5 year: 3-2-1-1-1
  - 7 year: 3-3-2-2-1-1-1
  - 10 year: 3-3-3-2-2-2-1-1-1-1
- “Soft” Alternative - All Markets - for an additional 20 basis points to rate
  - 5 year: 3-1-0-0-0
- Yield Maintenance Prepayment (greater of YM + 1% or 2% of loan balance)
  - 5 year: minus 15 basis points
  - 7 year: minus 20 basis points
  - 10 year: minus 20 basis points
- Flex Prepay
  - 1% prepay with 6 months notice.

Assumable: subject to 1% fee plus borrower due-diligence

## **Contact Information**

Maxwell J. Wu  
 Managing Principal  
[max@fulcrumlendingcorp.com](mailto:max@fulcrumlendingcorp.com)  
 (424) 337-1677

Zach Frizzera  
 Associate Originator  
[zach@fulcrumlendingcorp.com](mailto:zach@fulcrumlendingcorp.com)  
 (424) 207-1623