

FULCRUM S3*Fulcrum Senior Secured Stretch Loan Program*

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. The Fulcrum S3 program was born out of the dislocation created in the debt capital markets by high inflation and rising interest rates. Sponsors are required to be nimble in uncertain markets and need lenders just as nimble and creative. S3 is specifically tailored to large asset owners seeking debt capital that can work well with subordinated debt and preferred equity. 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 S3.

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

Over 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

\$20 million to \$300 million

Leverage

Up to 85% 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, minimum interest, 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: \$20M minimum
- Liquidity: \$5M minimum
- 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)

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

Interest Only Option Spread Adjustment

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

Full-Term Interest-Only Adjustments

	Add to Baseline DSCR	Max LTV
Top & Standard S3 Markets	0.15x	65%
Small & Very Small S3 Markets	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
- Minimum Interest Prepayment
- Flex Prepay
 - 1% prepay with 6 months notice.

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

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