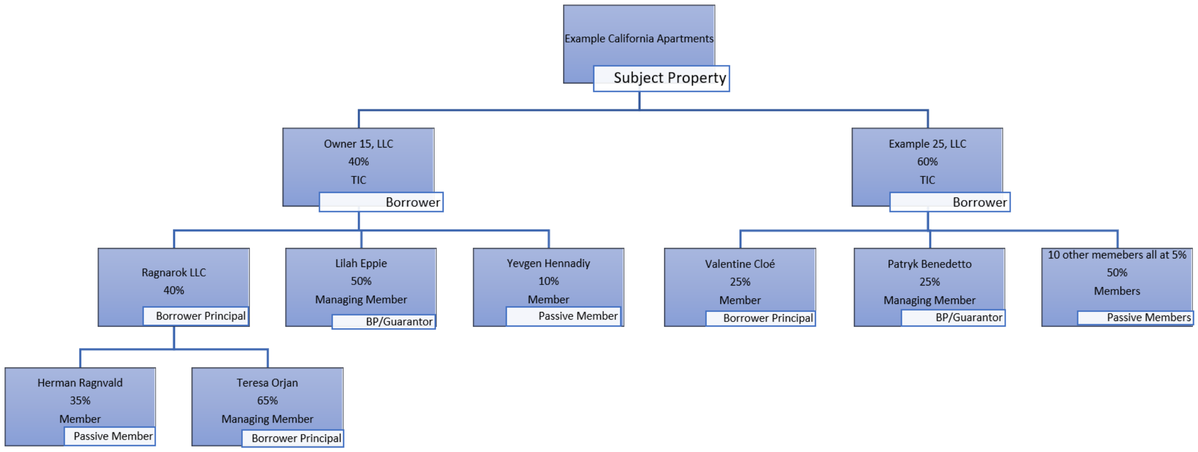
TENANT IN COMMON BORROWERS – MINIMUM REQUIREMENTS SMALL BALANCE LOAN

(Revised 01-28-2021)

1. **Borrower Organizational requirements**
    a. No more than five owners are permitted in the TIC structure.
    b. Each owner in the TIC structure must be a single asset entity (SAE) (regardless of the loan size).
    c. Each owner in the TIC structure must by itself be, or be controlled by, an experienced owner and/or manager of multifamily property, defined as, currently has ownership interest in and is the controlling Borrower Principal of at least three (3) multifamily properties, or currently has ownership interest in a multifamily property and has been the controlling Borrower Principal for at least five (5) years.
1. **Loan Structure requirements**
    a. The structure of the transaction must include the provision requiring funded escrows and/or reserves for taxes, insurance, and replacement.
    b. Funded reserves may be waived only if the tenants-in-common are related entities controlled by the same sponsor(s).
2. **Guarantor requirements**
    a. Each owner in the TIC structure must have a corresponding Guarantor.
        i. Net worth and liquidity can be applied in the aggregate for all Guarantors.
        ii. FICO requirements of 680 or greater apply to at least one Guarantor.
3. **Ownership Interest**
    a. Each Borrowing Entity (Borrower) in the TIC needs to be treated/viewed as a separate Borrower regardless of the percentage (%) ownership in the Property.
    b. Any person or entity with a collective interest (direct or indirect) in their respective Borrower equal to or exceeding 25% of the Borrower is a Borrower Principal and subsequent due diligence is required as identified per Freddie Mac KYC policies.
        i. Example: Per the Org Chart, the entity Ragnarok LLC and the individuals Lilah Eppie, Patryk Benedetto, Teresa Orjan, Valentine Cloe are Borrower Principals based on their ownership (%) in their respective Borrower.



*All individuals shown are U.S. citizens.

4. **Tenant in Common Agreement**
   a. Each TIC structure must be subject to a Tenant in Common Agreement acceptable to Freddie Mac and entered into by all of the owners, subject to the following ("**Agreement**").
      - The Agreement must specify which owner is responsible for day-to-day management of the Property (**"TIC Manager"**).
      - The Agreement must specify the extent of authority of the TIC Manager (both actions and expenditures).
      - The Agreement must specify when all or a majority of the owners' consent is required.
      - If owners' consent is required for a particular action or expenditure, the Agreement must specify what percentage of the owners' consent is required, and how that consent can be given (for example, does consent need to be written?).
      - The Property Manager must have an irrevocable power-of-attorney in the Agreement to deal with the lender on matters relating to the operation and maintenance of the Property
      - The owners must agree in the Agreement not to seek to partition the Property.
      - Provisions for transfers of ownership interests, particularly in the event of death of an individual, or divorce of a couple owning a common interest, must be specified in the Agreement.
      - The Agreement must be subject to all requirements and restrictions set forth in the Freddie Mac loan documents (or a generic "loan documents for any mortgages on the Property" is acceptable), noting particularly that any provisions for transfer of ownership interests are subject to, and may be limited by, provisions of the loan documents.

- Each owner must agree in the Agreement not to allow its interest in the Property to become subject to any liens from any third parties, and that if a lien is involuntarily attached to an owner's interest, such lien will be removed within 30 days (or promptly removed).
- The Agreement must provide that all payments under the mortgage (or all loans, in general) have priority over distributions to the owners and in all ways be subordinate and subject to the terms and conditions of the mortgage.
- Each owner must waive its rights to residency in the Property in the Agreement.
- The Agreement must provide the name, address, telephone number and percentage of ownership interests of each owner. The Agreement must also provide that each owner agrees to promptly notify all other owners and any mortgage lender of any change in address or telephone numbers.
- The Agreement must also provide that each owner will promptly respond to requests for information from other owners and any mortgage lenders and will promptly make themselves available for execution of documents.
- The Agreement must require that no termination, modification or waiver of the Agreement may be made without any mortgage lender's prior written consent.
- The Agreement must name any mortgage lender as a third-party beneficiary of the Agreement and such mortgage lender may enforce the provisions of the Agreement against any party thereto.
- Any rights of first refusal with respect to or options to purchase the Property included in the Agreement must be subordinate to the lien of the mortgage.
- At all times while the mortgage is outstanding, each owner must waive in the Agreement any and all lien rights it holds against any other owner, including any capital calls, for a failure of such owner to perform its obligations as a tenant in common, either under the Agreement or at law.
- At all times while the mortgage is outstanding, the owners must agree in the Agreement that any and all rights and remedies, including rights of indemnity or otherwise, are fully subordinate to the lien of the mortgage and all other terms and provisions of the loan documents. At all times while the mortgage is outstanding, the owners must agree to stand still with respect to the enforcement of any of their rights and remedies and take no enforcement action with respect to such rights and remedies.