



Preferred Equity Program Nationwide

- Purpose:** To provide a sponsor/Key Principal with additional proceeds to reduce the amount of equity required for an acquisition or to provide additional capital to the sponsor/KP in connection with a refinance or at any other time.
- COVID Reserves:** Recent new program available to fund COVID reserves currently required by Fannie Mae, Freddie Mac, and other lenders.
- Locations:** All national markets. Secondary and tertiary locations will be considered.
- Property Types:** All cash flowing multifamily properties. Older properties will be considered.
- Legal Structure:** No lien, UCC filing, intercreditor agreement, or other recorded documents required. Great flexibility to comply with the requirements of any first mortgage lender (Freddie Mac, Fannie Mae, HUD, conduit, life insurance companies, banks, etc.). Objective is to create a structure that will not require first mortgagee approval.

Preferred Equity Investment Amounts:

\$1 to \$15 Million – larger transactions will be considered on a case-by-case basis.

Investment Term:

Coterminous with the first mortgage.

Loan to Value:

Not to exceed 85% when combined with the first mortgage loan amount. Exceptions may be considered on a case by case basis.

Minimum Debt Service Coverage:

Current property cash flow must provide at least a 1.2 overall debt coverage when adding the amortizing first mortgage debt service to the required preferred equity annual payments.

Repayment:

Generally, interest only initially. Amortization to be determined on a case by case basis.

Pricing:

Risk based pricing, but generally fixed in the low teens, payable monthly.

Prepayment:

Negotiable. Typical structure is: one year lockout; open with a 4% premium declining to 1% in years 2 through 5; one percent premium thereafter; open without premium during the last 90 days of the loan term.

Liability:

Non-recourse to borrower and Key Principals subject to standard carve outs.

Fees:

Two percent of the amount of the preferred equity.

Transaction Costs:

Borrower and Key Principals will be responsible for all out of pocket costs pertaining to the transaction (including legal costs).

Remedies:

To be determined by Newport in compliance with the first mortgage loan documents.

For Further Information or Submission of Potential Investments Please Contact:

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