

**NOTES:**

- ~~FOR ANY MORTGAGE LOAN WITH PREFERRED EQUITY IN BORROWER'S OWNERSHIP STRUCTURE (DIRECTLY OR INDIRECTLY) (OTHER THAN SOLELY FOR THE ALLOCATION OF LIHTCs):~~
  - ~~THIS CHECKLIST MUST BE COMPLETED~~
  - ~~A FINAL COPY OF THIS CHECKLIST MUST BE DELIVERED WITH LENDER'S DELIVERY TO FANNIE MAE IN 6502.FOLDER II~~
  - ~~ANY PREFERRED EQUITY INVESTOR MUST BE IDENTIFIED IN THE SUMMARY OF LOAN TERMS ATTACHED TO THE LOAN AGREEMENT~~
  - ~~LENDER MUST COMPLY WITH THE GUIDE AND THE PREFERRED EQUITY OPERATING PROCEDURES JOB AID~~
  - ~~LENDER MUST ALSO ATTACH FORM 6283 (Schedule of Preferred Equity Terms) AND 6102.28 (Addenda to Schedule 2—Preferred Equity Terms) TO THE LOAN AGREEMENT~~
  
- ~~LENDER MUST SUBMIT THIS CHECKLIST TO FANNIE MAE DURING PRE-REVIEW FOR ALL MORTGAGE LOANS WITH:~~
  - ~~HARD PAY PREFERRED FANNIE MAE EQUITY CHECKLIST~~
  
  - ~~MANDATORY PAY PREFERRED EQUITY, AND~~
  - ~~SOFT PAY PREFERRED EQUITY THAT ARE SUBJECT TO PRE-REVIEW, AS NOTED IN THIS CHECKLIST~~
  
- ~~LENDER MUST UPDATE AND RESUBMIT A CHECKLIST PREVIOUSLY SUBMITTED TO FANNIE MAE DURING PRE-REVIEW IF MATERIAL TERMS CHANGE IN GOVERNING DOCUMENTS SUBSEQUENTLY RECEIVED BY LENDER~~
  
- ~~ADDITIONAL MBS DISCLOSURES MAY BE REQUIRED FOR HARD PAY PREFERRED EQUITY AND MANDATORY PAY PREFERRED EQUITY~~

**PREFERRED PART I, EQUITY CHECKLIST INVESTMENT SUMMARY**

|                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
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| <b>LENDER</b>                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>PROJECT NAME/LOCATION (INCLUDING CITY and COUNTY, AND STATE)</b>                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>BORROWER</b>                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>KEY PRINCIPAL</b>                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>GUARANTOR NAME (if any)</b>                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>PREFERRED EQUITY INVESTOR (if any also include name of underwritten entity, if different)</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>SPONSOR</b>                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>PRINCIPALS</b>                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>LENDER'S COUNSEL CONTACT INFORMATION</b>                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>REVIEW DATE</b>                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>EQUITY INTEREST TYPE (complete after finalizing this checklist <del>Checklist</del>)</b>      | <table> <tr> <td>Soft Pay Preferred Equity</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> <tr> <td>Mandatory Pay Preferred Equity</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> <tr> <td>Hard Pay Preferred Equity</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> <tr> <td><u>Structured Common Equity</u></td> <td><u>Yes <input type="checkbox"/></u></td> <td><u>No <input type="checkbox"/></u></td> </tr> <tr> <td>Any Control Takeover rights?</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> <tr> <td>Any Forced Sale rights?</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> <tr> <td>Any Redemption <del>rights</del> <u>or Buy Sell Rights?</u></td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> <tr> <td>Are all Permitted Equity Default Triggers satisfied?</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/> <u>N/A <input type="checkbox"/></u></td> </tr> <tr> <td>Are all Limitations on Equity Terms satisfied?</td> <td>Yes <input type="checkbox"/></td> <td>No <input type="checkbox"/></td> </tr> </table> | Soft Pay Preferred Equity                                       | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Mandatory Pay Preferred Equity | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Hard Pay Preferred Equity | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <u>Structured Common Equity</u> | <u>Yes <input type="checkbox"/></u> | <u>No <input type="checkbox"/></u> | Any Control Takeover rights? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Any Forced Sale rights? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Any Redemption <del>rights</del> <u>or Buy Sell Rights?</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Are all Permitted Equity Default Triggers satisfied? | Yes <input type="checkbox"/> | No <input type="checkbox"/> <u>N/A <input type="checkbox"/></u> | Are all Limitations on Equity Terms satisfied? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Soft Pay Preferred Equity                                                                        | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Mandatory Pay Preferred Equity                                                                   | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Hard Pay Preferred Equity                                                                        | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <u>Structured Common Equity</u>                                                                  | <u>Yes <input type="checkbox"/></u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>No <input type="checkbox"/></u>                              |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Any Control Takeover rights?                                                                     | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Any Forced Sale rights?                                                                          | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Any Redemption <del>rights</del> <u>or Buy Sell Rights?</u>                                      | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Are all Permitted Equity Default Triggers satisfied?                                             | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/> <u>N/A <input type="checkbox"/></u> |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| Are all Limitations on Equity Terms satisfied?                                                   | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | No <input type="checkbox"/>                                     |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |
| <b>DOCUMENTS REVIEWED</b><br>List all Governing Documents*                                       | <p><del>[DRAFTING NOTE: INCLUDE DOCUMENT DATES AND DRAFT DATES]</del></p> <p>_____, [draft] dated _____</p> <p>_____, [final] dated _____</p> <p>Lender must attach all Governing Documents to this Preferred Equity Checklist (Exhibit A).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                 |                              |                             |                                |                              |                             |                           |                              |                             |                                 |                                     |                                    |                              |                              |                             |                         |                              |                             |                                                             |                              |                             |                                                      |                              |                                                                 |                                                |                              |                             |

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| <b>OTHER MATERIAL FINANCIAL TERMS AND CASHFLOW/WATERFALL</b> | Lender must <del>complete</del> <u>prepare</u> Exhibit <del>C</del> and attach it to this Preferred Equity Checklist <del>B</del> <u>(as required)</u> .                                                                  |
| <b>SOURCE AND USE SCHEDULE</b>                               | Lender must <del>attach a source and use schedule that shows the sources and uses of the proceeds</del> <u>prepare Exhibit C (as required to complete the transaction (Exhibit D))</u> .                                  |
| <b>PREFERRED EQUITY REFINANCE/SALE EXIT ANALYSIS</b>         | Lender must <del>provide a refinance/sale exit analysis (Exhibit E) to confirm support for the Preferred Equity structure and attach it to this Preferred Equity Checklist</del> <u>prepare Exhibit D (as required)</u> . |

~~\* Lender must list organizational documents reviewed (the “Governing Documents”) e.g. the operating agreement, joint venture agreement or similar agreement of Borrower or of an upper tier Borrower entity containing equity terms including all amendments, private placement memoranda, pledge agreements, guaranties, indemnities (environmental or otherwise), ERISA letters or similar agreements. Lender must review the actual operating agreement/JV agreement containing the operative terms. Include document dates and draft dates. The organizational chart and all Governing Documents must be attached as Exhibit A to this Preferred Equity Checklist.~~

**~~PART I: DETERMINATION OF PREFERRED EQUITY INTEREST TYPE~~**

|                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><del>Preferred Equity Generally</del></b>              | <p><del>If the Governing Documents provide any investor with a direct or indirect equity ownership interest in, economic interest in, or rights with respect to, Borrower (“Equity”) investor with preferred rights to receive dividends, distributions, payments, or returns (individually and collectively, “Returns”) relative to other equity owners (“Preferred Equity”), the transaction is considered to have Preferred Equity.</del></p> <p><del>Fannie Mae permits Preferred Equity that falls within one of the following three categories, as further described below: Soft Pay Preferred Equity, Mandatory Pay Preferred Equity, or Hard Pay Preferred Equity. Lender should determine under which of these three categories the Preferred Equity falls.</del></p>                                                                                                                                                                                                                                                                                                                                                                                             |
| <b><del>Forced Sale and Control Takeover Rights</del></b> | <p><del>Equity structures may include a Forced Sale right (provided it is limited to a third party based on fair market value) and/or a Control Takeover right in favor of the Preferred Equity investor subject to Lender’s approval under the Loan Documents and the terms of this checklist provided those remedies comply with the Permitted Equity Default Triggers. Additionally, the Governing Documents for any Equity structure must comply with the Limitations on Equity Terms described below.</del></p> <p><del>“Control Takeover” means, while the Mortgage Loan is outstanding, the right of the Preferred Equity investor to directly or indirectly change Control of Borrower, Key Principal, or Guarantor, or effect a transfer of any direct or indirect ownership interest in Borrower, Key Principal or Guarantor that is prohibited under the Loan Agreement.</del></p> <p><del>“Forced Sale” means, while the Mortgage Loan is outstanding, the right of the Preferred Equity investor to require a sale or other disposition of the Property (whether via deed or a transfer of the direct or indirect ownership interests in Borrower).</del></p> |

**~~PART I: DETERMINATION OF PREFERRED EQUITY INTEREST TYPE~~**

**NOTE:** The exercise of any Control Takeover is still subject to the terms of the Loan Documents including Article 11 of the Loan Agreement. Any pre-approved Control Takeover terms must be submitted to Fannie Mae for Pre-Review.

**~~Soft Pay Preferred Equity~~**

~~A Preferred Equity structure that specifies that all Returns due to the Preferred Equity investor are only required to the extent of available Excess Net Cash Flow for so long as the Mortgage Loan is outstanding, and if Excess Net Cash Flow is not available, may be permitted to accrue.~~

~~For transactions classified as Soft Pay Preferred Equity:~~

- ~~(i) if the Preferred Equity investor's remedies are limited to a Forced Sale, the Preferred Equity investor must be underwritten as a Principal in accordance with the Guide (regardless of the percentage of ownership the Preferred Equity investor owns directly or indirectly in Borrower), or~~
- ~~(ii) if the Preferred Equity investor's remedies include a Control Takeover after any Permitted Equity Default Trigger in Items 1-7 of Part II below, the Preferred Equity investor (or the appropriate Person in Control of the Preferred Equity investor) must be underwritten as a Key Principal in accordance with the Guide (i.e. such person or entity must be qualified to serve as the sole Key Principal under the transaction if the Preferred Equity investor were to execute a Control Takeover) and also identified as a Key Principal in the Loan Documents.~~

~~There are no specified loan sizing constraints for Soft Pay Preferred Equity.~~

~~If a Soft Pay Preferred Equity structure includes Permitted Equity Default Triggers that do not meet the requirements of this checklist or the Limitations on Equity Terms in this checklist, the transaction must be submitted for Pre-Review.~~

~~"Net Cash Flow" has the meaning set forth in the Guide.~~

~~"Excess Net Cash Flow" means, for any specified period, the Net Cash Flow remaining after subtracting all amounts due and owing on the Mortgage Loan (and any subordinate debt) including principal and interest, tax and insurance custodial account deposits, regardless of whether deposits will be made, and other funding obligations and amounts due and owing per the Loan Documents.~~

**~~Mandatory Pay Preferred Equity~~**

~~A Preferred Equity structure that includes Mandatory Payments and where failure to pay any Mandatory Payment could trigger the Preferred Equity investor's right to a Forced Sale while the Mortgage Loan is outstanding.~~

~~For transactions classified as Mandatory Pay Preferred Equity, the Preferred Equity investor must be underwritten as a Key Principal in accordance with the Guide and also identified as a Key Principal in the Loan Documents.~~

~~For so long as the Mortgage Loan is outstanding, any payments due to the Preferred Equity investor (or the appropriate Person in Control of the Preferred Equity investor) that exceed the supportable Mandatory Payments may only be required to the extent of available Excess Net Cash Flow, and if Excess Net Cash Flow is not available, may be permitted to accrue (and any failure to pay must not trigger a Forced Sale or Control Takeover).~~

**~~PART I: DETERMINATION OF PREFERRED EQUITY INTEREST TYPE~~**

~~All Mandatory Pay Preferred Equity structures must be submitted for Pre-Review.~~

~~At loan origination, Mandatory Pay Preferred Equity must be constrained by the following loan sizing constraints:~~

- ~~(i) a combined Underwritten DSCR of 1.05x calculated as required in the Guide for the Mortgage Loan, plus Returns for the Mandatory Payments based on interest only; and~~
- ~~(ii) a maximum LTV of 90% based on the Mortgage Loan and the fully funded Preferred Equity investment.~~

~~The supportable Mandatory Payments under a Mandatory Pay Preferred Equity is set by this loan sizing constraint without any increases permitted.~~

~~“Mandatory Payments” means there are Returns due to the Preferred Equity investor that are required to be paid:~~

- ~~(i) regardless of available Excess Net Cash Flow and/or~~
- ~~(ii) based on whether the Property yields Net Cash Flow sufficient to make any such payment.~~

**Hard Pay Preferred Equity**

~~A Preferred Equity structure that includes Mandatory Payments and where failure to pay any Mandatory Payment could trigger the Preferred Equity investor’s right to a Control Takeover while the Mortgage Loan is outstanding.~~

~~For transactions classified as Hard Pay Preferred Equity, the Preferred Equity investor (or the appropriate Person in Control of the Preferred Equity investor) must be underwritten as a Key Principal in accordance with the Guide and also identified as a Key Principal in the Loan Documents.~~

~~For so long as the Mortgage Loan is outstanding, any payments due to the Preferred Equity investor that exceed the supportable Mandatory Payments may only be required to the extent of available Excess Net Cash Flow, and if Excess Net Cash Flow is not available, may be permitted to accrue (and any failure to pay may not trigger a Forced Sale or Control Takeover).~~

~~At Mortgage Loan origination, Hard Pay Preferred Equity is subject to the loan sizing constraints for Hard Preferred Equity in the Multifamily Underwriting Standards/Form 4660. The supportable Mandatory Payments under Hard Pay Preferred Equity is set by this loan sizing constraint without any increases permitted.~~

~~All Hard Pay Preferred Equity structures must be submitted for Pre-Review.~~

~~For Hard Pay Preferred Equity, the Preferred Equity investor must (directly or through affiliates) have owned, operated or asset managed at least 25,000 multifamily units in the past five years, not including any investments through (i) mezzanine loans or (ii) other Preferred Equity joint ventures.~~

## PART II: PERMITTED EQUITY DEFAULT TRIGGERS

- ~~Lender must complete this Part II for all~~ All Preferred Equity transactions ~~(as limited by the Limitations on Equity Terms)~~ must comply with this Part II.
- The ~~right~~ rights of the Equity Investor under the Governing Documents may only be exercised in response to one or more of the “Permitted Equity Default Triggers” set forth below. Lender must confirm the Governing Documents include no other triggers.
- If Lender recommends approval of any other trigger, include the trigger, any remedies related to the trigger, the rationale for the recommendation, and mitigants.
- If the default trigger under the Governing Documents is, in Lender’s determination, construed to be substantially similar to any of the below Permitted Equity Default Triggers, it does not have to be considered an exception to this Part II, provided Lender provides its analysis and rationale when making this assertion.
- Except as noted below, the Permitted Equity Default Triggers shall be based only on the events, actions or inactions of the Key Principal or an affiliate of the Key Principal and shall not be based on the events, actions or inactions of any other Person.

| ITEM | PERMITTED EQUITY DEFAULT TRIGGERS                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                      | INCLUDED<br>(Yes/No)                                                              | REVIEWER ANALYSIS<br><br>(Include Governing Document name and section references as appropriate. Identify the remedy (i.e. Forced Sale, Control Takeover, both, <u>or</u> other) and identify any exceptions to the triggers.) |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | <del>Except as noted below, the Permitted Equity Default Triggers shall be based only on the events, actions or inactions of the Key Principal or an affiliate of the Key Principal and shall not be based on the events, actions or inactions of any other Person. (All references to “Key Principal” refer to the Key Principal that Controls Borrower.)</del> |                                                                                                                                                                                                                                                                                                                                      |                                                                                   |                                                                                                                                                                                                                                |
| 1.   | <b>Violation of Non-Recourse Carveouts</b>                                                                                                                                                                                                                                                                                                                       | Any action, inaction or event that triggers personal recourse liability under the non-recourse carveouts under the Loan Documents.                                                                                                                                                                                                   | <input checked="" type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |                                                                                                                                                                                                                                |
| 2.   | <b>Mortgage Loan Default</b>                                                                                                                                                                                                                                                                                                                                     | Any Event of Default or default under the Loan Documents (other than an Event of Default or default caused by the <del>Preferred</del> Equity <del>investor</del> <u>Investor</u> or its affiliates) which default, if left uncured beyond the applicable cure period, would result in an Event of Default under the Loan Documents. | <input checked="" type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |                                                                                                                                                                                                                                |

|           |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                   |  |
|-----------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--|
|           |                                                                                                  | NOTE: Any Event of Default or default under the Loan Documents must be cured prior to the <del>Preferred-Equity investor</del> <u>Investor</u> exercising any Forced Sale or Control Takeover right.<br><br><u>NOTE: This includes any default under the Governing Documents that constitutes an Event of Default under the Loan Documents.</u>                                                                                                                                                                                       |                                                                                                                                                   |  |
| <u>3.</u> | <u>Unauthorized Action; Deadlock</u>                                                             | <u>Any action which constitutes or effectuates a “Major Decision” without consent of the Equity Investor (where consent of the Equity Investor is required), or an impasse or deadlock due to a dispute over a Major Decision. See Exhibit E attached to this Checklist for guidance on Acceptable Major Decisions.</u>                                                                                                                                                                                                               | <input type="checkbox"/> Yes<br><input type="checkbox"/> No                                                                                       |  |
| <u>4.</u> | <u>Failure to Make Mandatory Payments or Meet Minimum Return (for Mandatory Pay or Hard Pay)</u> | <u>For Mandatory Pay Preferred Equity or Hard Pay Preferred Equity only: any</u> Any failure to make a Mandatory Payment or any failure of the Property to yield Net Cash Flow sufficient to make a Mandatory Payment.                                                                                                                                                                                                                                                                                                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> N/A<br><u>(for Soft Pay and Structured Common Equity)</u> |  |
|           | <del>Failure to Make Soft Pay Payments from Excess Cash Flow</del>                               | <del>For Soft Pay Preferred Equity: any failure to make a Soft Pay Preferred Equity Return when there has been sufficient Excess Net Cash Flow to make such payments.</del>                                                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> N/A                                                       |  |
| <u>5.</u> | <u>Misuse of Property Revenue or Misapplication of Waterfall</u>                                 | Any failure to apply Property revenue as required by a Borrower budget or Property operating plan that was approved by the <del>Preferred-Equity investor</del> <u>Investor</u> , if such approval is required; or failure to apply Excess Net Cash Flow in accordance with the waterfall required by the Governing Documents (including any failure to make Soft Pay Preferred Equity payments, Mandatory Pay Preferred Equity payments, or Hard Pay Preferred Equity payments when there has been sufficient Excess Net Cash Flow). | <input type="checkbox"/> Yes<br><input type="checkbox"/> No                                                                                       |  |

|           |                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                             |  |
|-----------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--|
|           |                                                      | <u>NOTE: This includes failure to pay the Equity Investor any required redemption amount when due provided such due date is not prior to any Mortgage Loan repayment penalty date or the end of the yield maintenance period.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                             |  |
| 5.        | <b>Failure to Make Capital Contribution</b>          | <del>Any failure to make a capital contribution required by the Governing Documents.</del>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |  |
| 6.        | <b>Unauthorized Action; Deadlock</b>                 | <del>Any action which constitutes or effectuates a "Major Decision" without consent of the Preferred Equity investor (where consent of the Preferred Equity investor is required), or an impasse or deadlock due to a dispute over a Major Decision. See Exhibit B attached to this Preferred Equity Checklist for guidance on Acceptable Major Decisions.</del>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |  |
| <u>6.</u> | <b>Key Principal or Controlling Party Bankruptcy</b> | The occurrence of a bankruptcy event by Key Principal <u>or by the manager, managing member or general partner of the JV entity</u> , where "bankruptcy event" means <sup>2</sup> , <u>with respect to each of the foregoing</u> :<br><br>(a) the commencement, filing or continuation of a voluntary case or proceeding by <del>Key Principals</del> <u>such party</u> under one or more <del>of</del> insolvency laws;<br><br>(b) the acknowledgment in writing (other than to Lender in connection with a workout) that <del>Key Principals</del> <u>such party</u> is unable to pay its debts generally as they mature;<br><br>(c) the making of a general assignment for the benefit of creditors by <del>Key Principals</del> <u>such party</u> ; or<br><br>(d) the commencement, filing or continuation of an involuntary case or proceeding against <del>Key Principal</del> <u>such party</u> under one or more insolvency laws. | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |  |
| <u>7.</u> | <b>Failure to Make Capital Contribution</b>          | <u>Any failure to make a capital contribution required by the Governing Documents.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |  |
| 8.        | <b>Felony Conviction</b>                             | Any felony conviction of Key Principal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <input type="checkbox"/> Yes<br><input type="checkbox"/> No |  |

|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                     |                                                                  |
|------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------|
| 9.         | <b>Death and Incompetence</b>                                 | In the event the Key Principal is a natural person, the death of the Key Principal or the declaration that the Key Principal is declared legally incompetent.                                                                                                                                                                                                                                                                                                                                                 | <input type="checkbox"/> Yes        |                                                                  |
|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> No         |                                                                  |
| 10.        | <b>False Statements</b>                                       | Any representation or warranty to the <del>Preferred</del> Equity <del>investor</del> <u>Investor</u> related to the Property, Borrower, or the Mortgage Loan that is false or misleading in any material respect as of the date such representation or warranty was made.                                                                                                                                                                                                                                    | <input type="checkbox"/> Yes        |                                                                  |
|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> No         |                                                                  |
| 11.        | <b>Fraud</b>                                                  | Any fraud, gross negligence or willful misconduct related to the ownership or operation of the Property.                                                                                                                                                                                                                                                                                                                                                                                                      | <input type="checkbox"/> Yes        |                                                                  |
|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> No         |                                                                  |
| <u>12.</u> | <u><b>Anti-Corruption and Know-Your-Customer Policies</b></u> | <u>Any violations of Equity Investor’s anti-corruption, anti-money laundering, or economic sanctions policies (e.g., OFAC/KYC).</u>                                                                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/> <u>Yes</u> |                                                                  |
|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> <u>No</u>  |                                                                  |
| <u>13.</u> | <u><b>Taxation Treatment</b></u>                              | <u>Any violations relating to the Equity Investor’s federal tax treatment of applicable investments or tax incentives (including but not limited to Opportunity Zone incentives, historic tax credits, low-income housing tax credits, renewable energy credits, and any other comparable federal, state, or local tax benefits) that could adversely impact such tax treatment.</u>                                                                                                                          | <input type="checkbox"/> <u>Yes</u> |                                                                  |
|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> <u>No</u>  |                                                                  |
| <u>14.</u> | <u><b>Other</b></u>                                           | [DRAFTING NOTE: Any other triggers require Fannie Mae Pre-Review. Examples of other triggers include a Forced Sale after a date certain, a Control Takeover or Forced Sale based on economic hurdles, <u>Returns, or</u> other <del>than mandatory</del> payments, <del>etc</del> <u>not included in other Permitted Equity Default Triggers</u> . Describe any other triggers and provide <del>reviewer</del> <u>recommendation and</u> analysis, including the available remedies related to such trigger.] |                                     | <del>{DESCRIBE AVAILABLE REMEDY, RATIONALE, AND MITIGANTS}</del> |

### PART III: LIMITATIONS ON EQUITY TERMS

All Preferred Equity and Structured Common Equity transactions must comply with this Part III.

~~The following requirements apply to all transactions and must be satisfied while the Mortgage Loan is outstanding regardless of equity type.~~ If Lender recommends ~~approving~~approval of any exceptions to these limitations, provide ~~mitigants and~~details of the exception and include the rationale for the recommendation and mitigants in the Reviewer Analysis.

|    | SUBJECT MATTER                                                      | REQUIREMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | SATISFIED<br>Yes/No                                                                                          | REVIEWER<br>ANALYSIS |
|----|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------|
| 1. | <b>No Other Remedies for Defaults Under the Governing Documents</b> | <p>Except as permitted in the Loan Documents or otherwise approved by Lender, the <del>Preferred</del>Equity <del>investor</del><u>Investor</u> has no rights or remedies for defaults based on actions or inactions by the Key Principal or other equity investors under the Governing Documents <u>other than</u> the right of the <del>Preferred</del>Equity <del>investor</del><u>Investor</u> to directly or indirectly while the Mortgage Loan is outstanding:</p> <ul style="list-style-type: none"> <li>(i) <del>exercise</del> a Control Takeover;<u>;</u></li> <li>(ii) <del>exercise</del> a Forced Sale to a third party based on fair market value;<u>;</u></li> <li>(iii) <del>sue for a breach of contract under the Governing Documents</del><u>;</u> <del>or</del> <u>;</u></li> <li>(iv) <del>increase the Preferred</del>Equity <del>investor's</del><u>Investor's</u> preferred Returns percentage-<br/>[<del>Note</del><u>NOTE</u>: include amount of any percentage increase in Reviewer Analysis column-]; <u>or</u></li> <li>(e) <u>for Preferred Equity only, the right to remove an Affiliate Property Manager, provided such removal may only occur concurrently with the removal of the manager, managing member, general partner or other Person Controlling the Borrower.</u></li> </ul> <p><del>Note</del><u>NOTE</u>: Any other remedies require Fannie Mae Pre-Review. Examples of additional remedies which require pre-approval include a Forced Sale to an affiliate, a Forced Sale based on less than fair market value, etc.</p> | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> No                                       |                      |
| 2. | <u>Redemption or Buy/Sell Right (for Preferred Equity only)</u>     | <p><u>Prior to the earlier of the end of the yield maintenance period or the end of the fifth year of the Mortgage Loan, no Equity Investor shall have any right to:</u></p> <ul style="list-style-type: none"> <li>(a) <u>demand the repayment of the equity investment and/or any accrued equity Returns of the investor via a Redemption or Buy Sell Right, or</u></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <input type="checkbox"/> Yes<br><input type="checkbox"/> No<br><input type="checkbox"/> N/A (for Structured) |                      |

|            |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                     |  |
|------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--|
|            |                                                               | <p><u>(b) the exercise of a Forced Sale that is not tied to a Permitted Equity Default Trigger.</u></p> <p><u>NOTES:</u></p> <ul style="list-style-type: none"> <li><u>This does not include the right of a Key Principal who Controls Borrower as of the Effective Date to a Redemption or Buy Sell Right while the Mortgage Loan is outstanding.</u></li> <li><u>These rights may not be specifically defined as a “redemption” or “buy/sell” under the Governing Documents.</u></li> <li><u>Additional MBS Disclosure is required for Redemption or Buy Sell Rights within the Mortgage Loan term.</u></li> </ul>                                                                                     | <p><u>Common Equity)</u></p>                                                                                                        |  |
| <u>3.2</u> | <del>No</del> Cash Sweeps                                     | The <del>Preferred</del> -Equity <del>investor</del> <u>Investor</u> must not be entitled to a cash sweep of any Property cash flow, except <u>(i) for Preferred Equity,</u> in the event of a Permitted Equity Default Trigger, <u>and (ii) for Structured Common Equity,</u> in the event of a default under the Governing Documents.                                                                                                                                                                                                                                                                                                                                                                  | <input type="checkbox"/> <input checked="" type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No |  |
| <u>4.3</u> | Fixed Rate Required; No Escalation                            | Any <del>Preferred</del> -Equity must have a fixed rate of <del>return</del> <u>Return</u> without escalation so long as the Mortgage Loan is outstanding. <u>This does not include an increase of an Equity Investor’s Return or default interest while a Permitted Equity Default Trigger is outstanding.</u>                                                                                                                                                                                                                                                                                                                                                                                          | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No |  |
| <u>5.4</u> | No Cash Reserves Benefit <del>Preferred</del> Equity Investor | No Property cash reserves <del>(including reserves for replacements, taxes, insurance, cap costs, capital improvements, rate caps, etc.)</del> or Borrower cash reserves will be held by or assigned to the <del>Preferred</del> -Equity <del>investor or could otherwise</del> <u>Investor to</u> be used to <u>secure or</u> repay the <del>Preferred</del> Equity <del>investor</del> <u>Investor Return or</u> investment.<br><br><del>NOTE: If there are such cash reserves, provide details, such as what it is for, how it is funded, whether it can be reduced, if the Loan Documents require such reserves to be fully or partially funded, or if the Loan Documents waive such reserves.</del> | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No |  |
| <u>6.5</u> | No Collateral Security                                        | No Equity investment may be secured by any collateral including, <u>but not limited to (i) the Property, (ii) cash flow from the Property, pledges of equity, or (iii) the funding of reserves to pay the</u> <del>Preferred Equity investor Returns</del> <u>Equity Investor Returns,</u> or <u>(iv) pledges of equity in connection with upper tier financing or a line of credit that includes a Control Takeover based on economic thresholds such as the failure to achieve specific, quantifiable occupancy, NOI, debt service ratio, or other economic performance measures based on a portfolio of properties which includes the Property.</u>                                                   | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No |  |

|      |                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                              |  |
|------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 7.6  | <b>Preferred Equity Fully Funded (for Preferred Equity only)</b> | All Preferred Equity is (or will be) fully funded or contributed on or prior to the Mortgage Loan Effective Date (e.g. the Preferred Equity investment must not be increased over time), unless otherwise approved by Lender. No <del>Preferred-Equity investor</del> Investor has the right to increase the size or change the terms of the equity investment for any reason other than for a protective advance to pay debt service <del>or any other</del> amounts due under the Loan Documents, <u>or any other amounts reasonably required for the operation and maintenance of the Property.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No<br><input type="checkbox"/> <input type="checkbox"/> N/A. (for Structured Common Equity) |  |
| 8.7  | <b>No Side Agreements</b>                                        | The Governing Documents contain the complete terms of the <del>Preferred-Equity investor</del> Investor arrangement (e.g. there are no side letters, intercreditor agreements, subordination agreements, recognition agreements, or any other agreements among the <del>Preferred-Equity investor</del> Investor, Lender or other parties that relate to the Equity investment or any related payments, cash flows, rights, remedies or triggers). <u>Notwithstanding the foregoing, subordinated non-recourse guaranties and subordinated environmental indemnity agreements are permitted.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No                                                                                          |  |
| 9.8  | <b>No Cross-Collateralization and Cross-Default</b>              | <del>No</del> If Equity investment may be tied to a direct or indirect equity investment by the Preferred Equity investor in Investor directly or indirectly capitalizes an entity affiliated with the Borrower, Key Principal, or Guarantor unless, if such affiliate which such affiliated entity owns another property, then none of the Equity Investor's remedies may be triggered by the ownership or operation of such affiliate-owned property unless: (i) Fannie Mae also intends to purchase the mortgage secured by such affiliate-owned property and (ii) the Mortgage Loan and the mortgage on such affiliate-owned property will be cross-collateralized and/or cross-defaulted. <u>Notwithstanding the foregoing, for Preferred Equity, remedies related to fraud, gross negligence, or willful misconduct that are related to the ownership or operation of such affiliate-owned property are permitted. Notwithstanding the foregoing, for Structured Common Equity, remedies for Permitted Equity Default Triggers described in Part II but related to the ownership or operation of such affiliate-owned property are permitted.</u> | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No                                                                                          |  |
| 10.9 | <b>Limited Rights to Acquire Additional Equity Interests</b>     | There is no right for the <del>Preferred-Equity investor</del> Investor to acquire the equity interests of (i) the person or entity with direct or indirect Control of Borrower, or (ii) any other equity owner under the Governing Documents in each case without (x) purchasing such interests for <u>at least ninety-five percent (95%) of</u> fair market value and (y) satisfying the terms <u>and conditions</u> of the Loan Documents <u>with respect to transfers.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> <input type="checkbox"/> No                                                                                          |  |
| 11.4 | <b>Subordination of Guaranty or Indemnity</b>                    | Any guaranty or indemnity (environmental or otherwise) related to the Equity structure must be <u>specifically expressly</u> subordinate to all of the terms of the Mortgage Loan <del>and must not include obligations other than obligations that are substantially similar to the guaranteed obligations in the Non-Recourse Guaranty being executed in connection with the Mortgage Loan (or, if no Guaranty</del>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <input checked="" type="checkbox"/> <input type="checkbox"/> Yes                                                                                                                                                             |  |

|     |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                        |  |
|-----|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--|
|     |                                                              | is required, in the then-current published Form 6015), or if the Preferred Equity has additional obligations, they must be added to Article 3 of the Loan Agreement or included in the Non-Recourse Guaranty being executed in connection with the Mortgage Loan [Note: Lender must contact the Fannie Mae deal team in the event no Non-Recourse Guaranty is required for the Mortgage Loan and there is a guaranty required in connection with the Equity structure.]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |  |
| 11  | <b>No Redemption or Buy/Sell</b>                             | <del>While the Mortgage Loan is outstanding, no Preferred Equity investor shall have any right (whether upon maturity of a call option, trigger event, open period, specified date, or for any reason) to demand the repayment of the equity investment and/or any accrued equity Returns of the investor via a redemption, the exercise of a buy/sell right, the exercise of a Forced Sale that is not tied to a Permitted Equity Default Trigger (which right may or may not be specifically defined as a “redemption” or “buy/sell” under the Governing Documents). The right of a Key Principal who Controls Borrower as of the Effective Date to (i) force a redemption of the Preferred Equity investor’s interests or (ii) exercise a right to buy the Preferred Equity investor’s interests is permitted while the Mortgage Loan is outstanding.</del>                                                                                                                                                                                                                                                                                                                                                                                                      | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |  |
| 12. | <b>No Economic Thresholds</b>                                | Other than Mandatory Payments in connection with Mandatory Pay Preferred Equity and Hard Pay Preferred Equity, the right to a Forced Sale or Control Takeover must not be tied to triggers based on the Property’s failure to achieve specific, quantifiable occupancy, <a href="#">pre-approved budgets</a> , NOI, debt service ratio or other economic performance measures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |  |
| 13. | <b>No Seller Financing</b>                                   | The Equity must not be from the seller of the Property or an affiliate of the seller of the Property.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |  |
| 14. | <b>Ineligible-Loans Ineligible for Preferred Equity only</b> | The following <a href="#">loan</a> transaction types <del>are ineligible for (a) Hard Pay Preferred Equity, (b) Mandatory Pay Preferred Equity, and (c) Soft Pay Preferred Equity with any Permitted Equity Default Triggers in Items 1-7 of Part II above:</del><br><br><ul style="list-style-type: none"> <li><del>(i)</del> <a href="#">(a)</a> Small Mortgage loans,</li> <li><del>(ii)</del> <a href="#">(b)</a> Seniors Housing Properties,</li> <li><del>(iii)</del> <a href="#">(c)</a> Student Housing Properties,</li> <li><del>(iv)</del> <a href="#">(d)</a> Cooperative Properties,</li> <li><del>(v)</del> <a href="#">(e)</a> Manufactured Housing Communities,</li> <li><del>(vi)</del> <a href="#">(f)</a> Credit Facilities,</li> <li><del>(vii)</del> <a href="#">Adjustable Rate</a> <a href="#">(g)</a> <a href="#">Adjustable-Rate</a> Mortgage Loans,</li> <li><del>(viii)</del> <a href="#">(h)</a> any Mortgage Loan where the exercise of rights and remedies of the Preferred Equity <del>investor</del> <a href="#">Investor</a> may result in the Mortgage Loan being a <a href="#">Conflict Mortgage Loan</a>, a Prohibited <a href="#">Conflict Mortgage Loan</a> or a Controlling Conflict Mortgage Loan, <del>and</del></li> </ul> | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No |  |

|            |                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                 |  |
|------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--|
|            |                                                                          | <p><del>(ix)</del> <u>(i)</u> any Mortgage Loan where the Equity is provided by any DUS Lender or its affiliate, <u>and</u></p> <p><u>(j)</u> <u>the assumption of any Mortgage Loan</u></p> <p><u>must not include:</u></p> <p><del>Mandatory</del> <u>(i)</u> <u>Soft</u> Pay Preferred Equity <del>and Hard Pay Preferred Equity are not permitted in connection with the assumption of any Mortgage Loan with any Permitted Equity Default Triggers in Items 1-3 of Part II above,</del></p> <p><u>(ii)</u> <u>Mandatory Pay Preferred Equity, or</u></p> <p><u>(iii)</u> <u>Hard Pay Preferred Equity.</u></p> |                                                                                                                                                 |  |
| <u>15.</u> | <u>Removal of Affiliate Property Manager (for Preferred Equity only)</u> | <u>If the Equity Investor has the right to remove an Affiliate Property Manager, such removal may only occur concurrently with the removal of the manager, managing member, general partner or other Person Controlling the Borrower.</u>                                                                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/> <u>Yes</u><br><input type="checkbox"/> <u>No</u><br><input type="checkbox"/> <u>N/A (for Structured Common Equity)</u> |  |
| <u>16.</u> | <del>Miscellaneous</del> <u>Other</u>                                    | Lender must determine that the <del>Preferred</del> Equity investment does not contain any other attributes that circumvent the intent set forth in this <del>checklist</del> <u>Checklist</u> and the Guide ( <del>include</del> <u>including</u> any other noteworthy or unusual terms, e.g. rights of first offers to purchase the property or for future financing, etc.).                                                                                                                                                                                                                                      | <input type="checkbox"/> <input type="checkbox"/> <u>Yes</u><br><input type="checkbox"/> <input type="checkbox"/> <u>No</u>                     |  |

## EQUITY INVESTMENT GUIDANCE

### DEFINITIONS

Capitalized terms used and not specifically defined herein have the meanings given to such terms in the Loan Agreement.

|                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u><b>Additional Principal Due Diligence Requirements</b></u> | <u>In addition to the underwriting requirement for Principals under Part I, Chapter 3 of the Guide, Lenders will be required to complete a mortgage credit analysis on any Equity Investor that is also a Principal (as required in the Guide or under this Checklist) to confirm support for such Equity Investor’s oversight role and Control Takeover rights if such Equity Investor has (i) Control Takeover rights that align with Items 1, 2 or 3 of Part II, (ii) Redemption or Buy Sell Rights within the Mortgage Loan term, or (iii) the right to change any Affiliate Property Manager. At minimum, Lender will need to obtain Financial Statements, a SREO Schedule for such Equity Investor acceptable to Lender, and a Multifamily Underwriting Certificate (Form 6460).</u> |
| <u><b>Affiliate Property Manager</b></u>                      | <u>A property manager that is an Affiliate of the Key Principal.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <u><b>Common Equity</b></u>                                   | <u>Equity structures that are not Preferred Equity.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <u><b>Control Takeover</b></u>                                | <u>The right of the Equity Investor to directly or indirectly change Control of Borrower, Key Principal, or Guarantor, or effect a transfer of any direct or indirect ownership interest in Borrower, Key Principal or Guarantor that is prohibited under the Loan Agreement.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <u><b>Equity Investor</b></u>                                 | <u>Any investor with a direct or indirect equity ownership interest in, economic interest in, or rights with respect to, Borrower.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <u><b>Excess Net Cash Flow</b></u>                            | <u>“Excess Net Cash Flow” has the meaning set forth in the Guide.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <u><b>Forced Sale</b></u>                                     | <u>The right of the Equity Investor to require a sale or other disposition of the Property (whether via deed or a transfer of the direct or indirect ownership interests in Borrower).</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <u><b>Governing Documents</b></u>                             | <u>The operating agreement, joint venture agreement or similar agreement of Borrower or of an upper-tier Borrower entity containing equity terms including all amendments, private placement memoranda, pledge agreements, guaranties, indemnities (environmental or otherwise), ERISA letters or similar agreements.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <u><b>Hard Pay Preferred Equity</b></u>                       | <u>A Preferred Equity structure that includes Mandatory Payments and where failure to pay any Mandatory Payment could trigger the Preferred Equity investor’s right to a Control Takeover while the Mortgage Loan is outstanding.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <u><b>Key Principal</b></u>                                   | <u>All references to “Key Principal” refer to the Key Principal that Controls Borrower.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <u><b>Mandatory Pay Preferred Equity</b></u>                  | <u>A Preferred Equity structure that includes Mandatory Payments and where failure to pay any Mandatory Payment could trigger the Preferred Equity investor’s right to a Forced Sale while the Mortgage Loan is outstanding.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <u><b>Mandatory Payments</b></u>                              | <u>Returns due to the Preferred Equity investor that are required to be paid regardless of:</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## EQUITY INVESTMENT GUIDANCE

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           | <p>(a) <u>available Excess Net Cash Flow or</u></p> <p>(b) <u>whether the Property yields Net Cash Flow sufficient to make any such payment.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <u>Net Cash Flow</u>                      | <u>“Net Cash Flow” has the meaning set forth in the Guide.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <u>Permitted Preferred Equity</u>         | <u>Preferred Equity that (i) complies with the Guide and this Checklist, (ii) is described on Exhibit F, or (iii) is otherwise approved by Fannie Mae, as required by this Checklist.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <u>Permitted Structured Common Equity</u> | <u>Structured Common Equity that (i) complies with the Guide and this Checklist, (ii) is described on Exhibit F, or (iii) is otherwise approved by Fannie Mae, as required by this Checklist.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <u>Preferred Equity</u>                   | <p><u>A direct or indirect investment in the Borrower for which the Governing Document provides such Equity Investor with:</u></p> <p>(a) <u>an asset management fee or any other fee before Returns are paid to the investors, or</u></p> <p>(b) <u>preferred or unequal rights to receive Returns relative to other Equity Investors;</u></p> <p><u>provided, however, “Preferred Equity” does not include preferred dividends, distributions, payments, or returns paid to the following (although the following may be Structured Common Equity per this Checklist):</u></p> <p>(i) <u>REIT Equity Investor from Excess Net Cash Flow; or</u></p> <p>(ii) <u>an Equity Investor in the form of:</u></p> <p>(x) <u>payments or a promote returns after pari passu payments are made to all Equity Investors based on a specified minimum IRR or Returns threshold, or</u></p> <p>(y) <u>repayments of a protective advance to pay debt service or other amounts due under the Loan Documents, or any other amounts reasonably required for the operation and maintenance of the Property.</u></p> <p><u>NOTE: See Exhibit F for examples of equity structures that do NOT require compliance with this Checklist.</u></p> |
| <u>Redemption or Buy Sell Rights</u>      | <u>The right of an Equity Investor to force a redemption of the Equity Investor’s interests or exercise a right to force a purchase of the Equity Investor’s interests.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <u>Returns</u>                            | <u>Dividends, distributions, payments, or returns to an Equity Investor (individually and collectively).</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <u>Soft Pay Preferred Equity</u>          | <u>A Preferred Equity structure that specifies that all Returns due to the Preferred Equity investor are only required to the extent of available Excess Net Cash Flow for so long as the Mortgage Loan is outstanding, and if Excess Net Cash Flow is not available, such Returns may be permitted to accrue.</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

**EQUITY INVESTMENT GUIDANCE**

**Structured  
Common Equity**

A Common Equity structure that includes a Forced Sale right or a Control Takeover right.

NOTE: See Exhibit F for examples of equity structures that do NOT require compliance with this Checklist.

| <b><u>Requirements for Forced Sale Rights in All Equity Transactions</u></b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>Forced Sale Rights in All Equity Transactions</u></b>                                    | <p>Equity structures may include a Forced Sale right provided it:</p> <ul style="list-style-type: none"> <li>(a) <u>Is limited to a third party, based on fair market value, and occurs after the earlier of the end of the yield maintenance period or the fifth anniversary of the Mortgage Loan.</u></li> <li>(b) <u>For Preferred Equity only, triggered only by the Permitted Equity Default Triggers in Part II of this Checklist, and</u></li> <li>(c) <u>Complies with the Limitations on Equity Terms described in Part III of this Checklist.</u></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b><u>Requirements for Control Takeover Rights in All Equity Transactions</u></b>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b><u>Control Takeover Rights in All Equity Transactions</u></b>                               | <p>Equity structures may include a Control Takeover right in favor of the Equity Investor provided it:</p> <ul style="list-style-type: none"> <li>(a) <u>Is subject to Lender’s approval under the Loan Documents including Article 11 of the Loan Agreement.</u></li> <li>(b) <u>For Preferred Equity only, is triggered only by the Permitted Equity Default Triggers in Part II of this Checklist, and</u></li> <li>(c) <u>Complies with the Limitations on Equity Terms described in Part III of this Checklist</u></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b><u>Structured Common Equity and Soft Pay Preferred Equity Underwriting Requirements</u></b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b><u>Structured Common Equity and Soft Pay Preferred Equity Underwriting Requirements</u></b> | <p>For transactions classified as either Structured Common Equity or Soft Pay Preferred Equity:</p> <p><b><u>Only a Forced Sale Right.</u></b> If the Equity Investor’s remedies are limited to only a Forced Sale (in compliance with the Requirements for Forced Sale Rights above) and there are no Control Takeover rights, the Equity Investor must be underwritten as a <b>Principal</b> (regardless of the percentage of ownership the Equity Investor owns directly or indirectly in Borrower) and identified as a <b>Principal</b> in the Loan Documents.</p> <p><b><u>Redemption or Buy Sell Right Within the Mortgage Loan Term.</u></b> If the Equity Investor has Redemption or Buy Sell Rights during the Mortgage Loan term, the Equity Investor must be underwritten as a <b>Principal</b> (regardless of the percentage of ownership the Equity Investor owns directly or indirectly in Borrower), <b>in accordance with the Additional Principal Due Diligence Requirements</b>, and also identified as a <b>Principal</b> in the Loan Documents.</p> <p><b><u>Control Takeover Right Based on Items 1-3 of Part II.</u></b> If the Equity Investor’s remedies include: (i) a Control Takeover (in compliance with the Requirements for Control Takeover Rights above) and the Control Takeover is based on any Permitted Equity Default Trigger listed in Items 1-3 of Part II above or (ii) the right to change an Affiliate Property Manager, the Equity Investor (or the appropriate Person in Control of the Equity Investor) must be underwritten as a <b>Principal</b> (regardless of the percentage of ownership the Equity Investor owns directly or indirectly in Borrower), <b>in accordance with the Additional Principal Due Diligence Requirements</b> and also identified as a <b>Principal</b> in the Loan Documents.</p> <p><b><u>Control Takeover Right Based on Items 4-13 of Part II.</u></b> For Soft Pay Preferred Equity only, if the Equity Investor’s remedies include a Control Takeover (in compliance with the Requirements for Control Takeover Rights above) and the Control Takeover is based on any Permitted Equity Default Trigger listed in Items 4-13 of Part II above, the Equity Investor must be underwritten as a <b>Principal</b> (regardless of the percentage of ownership the Equity Investor owns directly or indirectly in Borrower) and identified as a <b>Principal</b> in the Loan Documents.</p> <p><b><u>No Loan Sizing.</u></b> There are no specified loan sizing constraints for Structured Common Equity or Soft Pay Preferred Equity.</p> |

| <b><u>Mandatory Pay Preferred Equity Underwriting Requirements</u></b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>Mandatory Pay Preferred Equity Underwriting Requirements</u></b> | <p>For a transaction classified as Mandatory Pay Preferred Equity:</p> <ul style="list-style-type: none"> <li>● <b><u>Preferred Equity Investor as Principal.</u></b> The Preferred Equity investor must be underwritten as a <b>Principal</b> (regardless of the percentage of ownership the Equity Investor owns directly or indirectly in Borrower), <b>in accordance with the Additional Principal Due Diligence Requirements</b> and identified as a <b>Principal</b> in the Loan Documents.</li> <li>● <b><u>Preferred Equity Sizing.</u></b> The amount of the Mandatory Pay Preferred Equity at Mortgage Loan origination must be constrained by the following loan sizing requirements: <ul style="list-style-type: none"> <li>○ <u>a combined Underwritten DSCR of 1.05x calculated as required in the Guide for the Mortgage Loan, plus Returns for the Mandatory Payments based on interest-only; and</u></li> <li>○ <u>a maximum LTV of 90% based on the Mortgage Loan and the fully funded Preferred Equity investment.</u></li> </ul> <p><u>The supportable Mandatory Payments under Mandatory Pay Preferred Equity are set by this loan-sizing constraint without any increases permitted.</u></p> </li> <li>● <b><u>Payments From Excess Net Cash Flow May Accrue.</u></b> Any payments due to the Preferred Equity investor (or the appropriate Person in Control of the Preferred Equity investor) while the Mortgage Loan is outstanding that exceed the supportable Mandatory Payments may only be required to the extent of available Excess Net Cash Flow, and if Excess Net Cash Flow is not available, such payments due may be permitted to accrue (and any failure to pay must not trigger a Forced Sale, Control Takeover, or removal of an Affiliate Property Manager).</li> </ul>                                                               |
| <b><u>Hard Pay Preferred Equity Underwriting Requirements</u></b>      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b><u>Hard Pay Preferred Equity Underwriting Requirements</u></b>      | <p>For a transaction classified as Hard Pay Preferred Equity:</p> <ul style="list-style-type: none"> <li>● <b><u>Preferred Equity Investor as Principal.</u></b> The Preferred Equity investor (or the appropriate Person in Control of the Preferred Equity investor) must be underwritten as a <b>Principal</b> (regardless of the percentage of ownership the Equity Investor owns directly or indirectly in Borrower), <b>in accordance with the Additional Principal Due Diligence Requirements</b> and identified as a <b>Principal</b> in the Loan Documents.</li> <li>● <b><u>Preferred Equity Sizing.</u></b> The amount of the Hard Pay Preferred Equity at Mortgage Loan origination is subject to the loan sizing constraints for Hard Preferred Equity in the Multifamily Underwriting Standards/Form 4660. The supportable Mandatory Payments under Hard Pay Preferred Equity are set by this loan-sizing constraint without any increases permitted.</li> <li>● <b><u>Preferred Equity Experience.</u></b> The Preferred Equity investor must (directly or through affiliates) have owned, operated or asset-managed at least twenty-five thousand (25,000) multifamily units in the past five years, not including any investments through (i) mezzanine loans or (ii) other Preferred Equity joint ventures.<br/><b><u>Excess Payments May Accrue.</u></b> Any payments due to the Preferred Equity investor (or the appropriate Person in Control of the Preferred Equity investor) while the Mortgage Loan is outstanding that exceed the supportable Mandatory Payments may only be required to the extent of available Excess Net Cash Flow, and if Excess Net Cash Flow is not available, may be permitted to accrue (and any failure to pay must not trigger a Forced Sale, Control Takeover, or removal of an Affiliate Property Manager).</li> </ul> |

**Pre Review Requirements**

**Pre-Review Requirements**

Pre-Review of this Checklist is required for:

- All Mandatory Pay Preferred Equity;
- All Hard Pay Preferred Equity;
- Any Soft Pay Preferred Equity structures that do not meet the requirements of this Checklist; and
- Any Structured Common Equity structures that do not meet the requirements of this Checklist.

If a Checklist is submitted for Pre-Review:

- Lender must update and resubmit a Checklist previously submitted to Fannie Mae during pre-review if material terms are changed in Governing Documents subsequently received by Lender; and
- Lender must submit a final copy of the Checklist, which must be delivered with Lender's delivery to Fannie Mae in 6502.Folder II.

**Other Requirements**

**Other Requirements**

Additional MBS Disclosures:

- For transactions with Mandatory Pay or Hard Preferred Equity, Lender must comply with any Additional MBS Disclosures requirements.
- For Structured Common Equity and Soft Pay Preferred Equity transactions that comply with this Checklist, no Additional MBS Disclosures are required.
- For Preferred Equity with Redemption or Buy Sell Rights during the Mortgage Loan term, Lender must comply with any Additional MBS Disclosures requirements.

Loan Documents for Structured Common Equity and all Preferred Equity transactions:

- Attach Form 6283 (Modifications to Multifamily Loan and Security Agreement (Preferred Equity and Structured Common Equity Terms)) and 6102.28 (Addenda to Schedule 2 – Preferred Equity and Structured Common Equity Terms) to the Loan Agreement.

Fannie Mae Equity Operating Procedures Job Aid compliance is required for all Preferred Equity and Structured Common Equity transactions.

**EXHIBIT A TO  
~~PREFERRED~~FANNIE MAE EQUITY CHECKLIST**

**Organizational Chart and Governing Documents**

**[DRAFTING NOTE:**

**For all Structured Common Equity and Preferred Equity transactions that require Pre-Review, attach to this Exhibit A:**

- the current draft of the complete organizational chart of Borrower compliant with the Organizational Chart Requirements set forth on Form 6406; and**
- the draft of all Governing Documents referenced in Part I.**

~~Attach to this Exhibit A the current draft of the complete organizational chart of Borrower, including upper tier entities and other owners, that shows Key Principals, Guarantors, the Preferred Equity investor (if any) that sets forth:~~

- ~~• the direct owners in Borrower and/or the Preferred Equity investor (if any) and their respective interests;~~
- ~~• any indirect owners (and any non-member managers) in Borrower that Control Borrower and their respective interests (excluding any Publicly-Held Corporations or Publicly-Held Trusts);~~
- ~~• for any domestic entity and individual (together with such Person's Immediate Family Members, if an individual), any Person that owns twenty five percent (25%) or more directly or indirectly (through one or more entities) of the ownership interests in Borrower; and~~
- ~~• for any foreign entity and individual, any Person that owns ten percent (10%) or more directly or indirectly (through one or more entities, taken in the aggregate with all other foreign investors) of the ownership interests in Borrower.~~

~~The organizational chart must indicate the type of entity and role/title of each entity and individual within the ownership structure (i.e., limited partnership, limited liability company, managing member, manager, general partner, etc.) and (b) the state of organization of each entity (and state of residence of each individual).~~

~~THE ORGANIZATIONAL CHART MUST INCLUDE THE FOLLOWING STATEMENT “Except as identified on the Organizational Chart (a) there is no domestic Person (together with such Person's Immediate Family Members, if an individual), owning~~

~~twenty-five percent (25%) or more directly or indirectly (through one or more entities) of the ownership interests in Borrower [INCLUDE IF APPLICABLE: (excluding any Publicly Held Corporations or Publicly Held Trusts)] and (b) there are no foreign individuals or entities (in the aggregate) owning ten percent (10%) or more directly or indirectly (through one or more entities) of the ownership interests in Borrower.~~

~~For any pre-closing review by Fannie Mae, the draft of any Governing Documents and the anticipated organizational chart must also be attached to this Preferred Equity Checklist.~~

In all cases, for delivery of this ~~Preferred Equity~~ Checklist in Folder II of the Delivery Package Table of Contents (Form 6502.Folder II), attach to this Exhibit A all final Governing Documents, along with final complete organizational chart compliant with the Organizational Chart Requirements set forth on Form 6406 and described above.]

EXHIBIT B TO  
~~PREFERRED~~FANNIE MAE EQUITY CHECKLIST

Material Financial Terms and Cash Flow Waterfall

[DRAFTING NOTE:]

- Required for Structured Common Equity and Preferred Equity transactions
- Insert Summary of net cash flow waterfall, capital proceeds waterfall and other material financial terms from the Governing Documents]

EXHIBIT C TO  
FANNIE MAE EQUITY CHECKLIST

Source and Use Schedule

DRAFTING NOTE:

- Required for all Preferred Equity transactions.
- Required for any Structured Common Equity acquisition and refinance transactions that include new equity to recapitalize the Borrower.
- Insert Summary or Schedule of the Sources and Uses from the Governing Documents.

**EXHIBIT D TO**  
**FANNIE MAE EQUITY CHECKLIST**  
**Preferred Equity Refinance/Sale Exit Analysis**

**[DRAFTING NOTE:]**

- **Not required for Structured Common Equity transactions.**
- **For Preferred Equity transactions, Lender must attach a refinance/sale exit analysis that:**
  - **Incorporates the terms of both the Mortgage Loan and the Preferred Equity;**
  - **Demonstrates that the Key Principal/Sponsor will:**
    - **Maintain a positive equity position in the Property throughout the term of the Mortgage Loan; or**
    - **Have some other incentive (e.g. continuing cash flow) to remain committed to the Property and its successful operation;**
  - **and**
  - **Concludes that there will be sufficient cash flow, NCF growth, and residual value to pay off the Mortgage Loan and the Preferred Equity at Mortgage Loan maturity!**

**EXHIBIT E TO**  
**FANNIE MAE EQUITY CHECKLIST**

**Guidance on Acceptable Major Decisions**

The following are examples of acceptable Major Decisions:

- (a) marketing the Property for sale;
- (b) transferring interests in the Property or in Borrower;
- (c) replacing (i) the manager, managing member, general partner or other Person Controlling Borrower or (ii) the property manager or leasing agent of the Property;
- (d) pledge, assignment or other transfer of all or any portion of the Property or any equity interests in direct and indirect owners of Borrower;
- (e) issuance of new membership or partnership interests;
- (f) any modification or amendment of any approved renovation budget, budget timelines, marking program, or draw schedule;
- (g) approving the annual operating budget and capital improvement budget and any material deviation from either approved annual budgets;
- (h) other than the creation of trade receivables in the ordinary course of business not in violation of the Loan Documents, making of any loan or extending credit or acting as guarantor or surety to, for or on behalf of any other Person other than the Mortgage Loan;
- (i) approval of the terms and conditions of any indebtedness (including the Mortgage Loan and any additional advance under, or increase in the outstanding principal balance of, or refinance of, the Mortgage Loan) for money borrowed;
- (j) entering into any modification, amendment, refinancing, waiver, supplement, termination, extension, renewal or replacement of the Mortgage Loan, unless such amendment is required by the Loan Documents and may be taken by Lender without ~~property owner's~~Borrower's approval;
- (k) taking any action or inaction that would violate any provisions of the Loan Documents, any material leases or any other material agreements;
- (l) entering into any agreement that (i) (a) is not terminable upon thirty (30) days' notice without payment or penalty and (b) has an aggregate value or contract sum equal to or in excess of \$100,000, (ii) is a contract or subcontract for structural, foundation, building envelope, major electrical or plumbing work, or (iii) any other construction contract or subcontract, or contract for engineering or architectural services, that has an aggregate contract sum equal to or greater than \$50,000, or entering into any material amendment, modification, waiver, or termination of the same;

- (m) entering into any property management or leasing agreement or any amendment, modification, waiver, or termination of any property management agreement or leasing agreement;
- (n) entering into any agreement with any affiliate;
- (o) the institution, settlement, or any other decision with respect to any lawsuit or other legal proceeding in excess of \$100,000;
- (p) the institution, settlement, or any other decision relating to any condemnation relating to the Property;
- (q) the filing of a bankruptcy petition, making an assignment for the benefit of creditors, applying for a custodian, receiver or trustee, or any other bankruptcy or similar proceeding;
- (r) settling any dispute with any taxing authority;
- (s) changing or adopting any method of accounting, profit/loss allocation, or depreciation;
- (t) designating banks for the deposit of funds;
- (u) making significant accounting decisions which may have a material adverse effect;
- (v) selecting, engaging, and terminating accountants;
- (w) making any decision relating to material environmental matters;
- (x) electing to restore the Property after a material casualty or condemnation, unless restoration is required by the Loan Documents;
- (y) making, causing or agreeing to changes in the zoning, subdivision, easements, boundary lines, roads, or other rights-of-way, or any restrictive covenants applicable to the Property;
- (z) organizational changes, including name changes, the formation of subsidiaries, mergers or consolidations, changing the nature or purpose of the business, amending, modifying or terminating the operating agreement or partnership agreement, or converting ~~from one entity type to another~~ entity type;
- (aa) filing or settlement of insurance claims in excess of \$100,000 not in compliance with the requirements of the Loan Documents;
- (bb) making material decisions relating to insurance or fidelity bond coverage;
- (cc) making investments other than as set forth in the approved business plan;
- (dd) making or withholding cash flow or capital event distributions in violation of the Governing Documents or the Loan Documents;
- (ee) approving or cancelling any Material Commercial Lease, or approving any amendment, ~~modification or termination~~ to a Material Commercial Lease, or consenting to any assignment of or subletting under any Material Commercial Lease unless required in accordance with its terms, ~~or cancelling or terminating any Material Commercial Lease or accepting any surrender thereof~~ the Loan Documents;
- (ff) approval of the terms and conditions of any indemnification agreement other than in connection with the Mortgage Loan; and

(gg) amendment, modification, termination or failure to comply with any special purpose entity provisions.



**EXHIBIT ~~CF~~ TO  
PREFERRED FANNIE MAE EQUITY CHECKLIST**

**~~Other Material Financial Terms and Waterfall for Preferred Equity~~**

**Equity Structure Examples Not Subject to this Form**

**The following are examples of Equity structures that are NOT subject to compliance with this Checklist.**

**1. Both the Sponsor and the Equity Investor are Underwritten and Named as Key Principals (and, if applicable, execute the Guaranty).**  
One hundred percent (100%) of the Borrower's equity is owned by the Sponsor and one other Equity Investor who is entitled to receive preferred dividends, distributions, payments, or returns relative to the Sponsor; and both the Sponsor and Equity Investor:

- (a) are underwritten and named in the Loan Documents as Key Principals, and
- (b) execute the Non-Recourse Guaranty (Form 6015), if Form 6015 is required by the Guide.

**2. Multiple Equity Investors.** The Borrower is owned by a joint venture between the Key Principal Sponsor and several Equity Investors which have Control Takeover or Forced Sale rights with the following features:

- (a) None of the Equity Investors have a direct or indirect Principal ownership interest (i.e., >25%) in the Borrower.
- (b) The Equity Investors are comprised of several different ownership classes (i.e., Series A, Series B and Series C) with each class paid in a certain order.
- (c) The Forced Sale or Control Takeover rights are based on a majority vote by all Equity Investors.

**3. No Equity Investor has Control Takeover or Forced Sale rights or the right to remove an Affiliate Property Manager.**

~~1. Summary of the financial terms relating to the Preferred~~ **4. An Equity investment made solely for the allocation of LIHTCs.**

- ~~a. Amount of the Preferred Equity investment: \_\_\_\_\_~~
- ~~b. Amount of the Preferred Equity investment contributed at closing: \_\_\_\_\_~~
- ~~c. Total rate of return on the Preferred Equity investment: \_\_\_\_\_~~
- ~~d. Return based on required Minimum Mandatory Payment, if applicable: \_\_\_\_\_~~
- ~~e. Amount and terms of any additional fees payable to the Preferred Equity investor or any affiliate in connection with the with the Preferred Equity investment: \_\_\_\_\_~~
- ~~f. Additional return paid if there is a failure to comply with the terms of the Governing Documents (i.e. default rate): \_\_\_\_\_~~
- ~~g. Any other material financial terms: \_\_\_\_\_~~

~~2. Combined loan to value ratio based on the Fannie Mae Loan and Preferred Equity investment: \_\_\_\_\_~~

- ~~3. If the Preferred Equity is classified as Mandatory Pay Preferred Equity or Hard Pay Preferred Equity, please provide the combined debt service coverage ratio based on the Fannie Mae Loan and Preferred Equity investment: \_\_\_\_\_~~
- ~~4. Redemption Date (if applicable): \_\_\_\_\_~~
- ~~5. Date of required forced sale (if applicable): \_\_\_\_\_~~
- ~~6. Any other material financial term relating to the Preferred Equity investment not otherwise discussed above: \_\_\_\_\_~~
- ~~7. Briefly describe the waterfall (see example format below):~~
- ~~a. Distribution of Net Cash Flow:~~
    - ~~i. first, to the Preferred Equity investor until a \_\_\_% return is achieved;~~
    - ~~ii. second, to the Preferred Equity investor until a cumulative \_\_\_% return is achieved;~~
    - ~~iii. third, to the Key Principal/Sponsor until a \_\_\_% asset management fee is achieved;~~
    - ~~iv. fourth, 50%/50% split between the Preferred Equity investor and the Key Principal/Sponsor until the Preferred Equity investor's total return and 100% of the Preferred Equity investment balance is re-paid;~~
    - ~~v. fifth, to the Key Principal/Sponsor~~
  - ~~b. Distribution associated with capital events (i.e. refinance or sale):~~
    - ~~i. first, to the Preferred Equity investor until its total return is paid and 100% of it's the Preferred Equity investment is re-paid;~~
    - ~~ii. second, to the Key Principal/Sponsor;~~
    - ~~iii. third, to the Key Principal/Sponsor.~~

**EXHIBIT D TO  
PREFERRED EQUITY CHECKLIST**

**Source and Use Schedule**

The Lender must attach a schedule with sources and uses based on the following example:

| <del>Sources</del>          |                         |                   | - | <del>Uses</del>               |                         |                   |
|-----------------------------|-------------------------|-------------------|---|-------------------------------|-------------------------|-------------------|
| <del>Common Equity</del>    | <del>\$13,500,000</del> | <del>23.3%</del>  |   | <del>Purchase Price</del>     | <del>\$53,000,000</del> | <del>91.5%</del>  |
| <del>Preferred Equity</del> | <del>\$11,409,000</del> | <del>19.7%</del>  |   | <del>Cap Ex - No Escrow</del> | <del>\$3,750,000</del>  | <del>6.5%</del>   |
| <del>First Mortgage</del>   | <del>\$33,023,755</del> | <del>57.0%</del>  |   | <del>First Mortgage</del>     | <del>\$1,182,755</del>  | <del>2.0%</del>   |
| <del>Total Sources</del>    | <del>\$57,932,755</del> | <del>100.0%</del> |   | <del>Total Uses</del>         | <del>\$57,932,755</del> | <del>100.0%</del> |

**EXHIBIT E TO  
PREFERRED EQUITY CHECKLIST**

**Preferred Equity Refinance/Sale Exit Analysis**

~~The Lender must attach to this Exhibit E a refinance/sale exit analysis that:~~

- ~~• Incorporates the terms of both the Mortgage Loan and the Preferred Equity.~~
- ~~• Demonstrates that the Key Principal/Sponsor will:
  - ~~○ Maintain a positive equity position in the Property throughout the term of the Mortgage Loan; or~~
  - ~~○ Have some other incentive (e.g. continuing cash flow) to remain committed to the Property and its successful operation; and~~~~
- ~~• Concludes that there will be sufficient cash flow, NCF growth, and residual value to pay off the Mortgage Loan and the Preferred Equity at Mortgage Loan maturity.~~

**Summary report:  
 Litera Compare for Word 11.10.1.2 Document comparison done on  
 5/4/2026 5:49:49 PM**

|                                                                |            |
|----------------------------------------------------------------|------------|
| <b>Style name:</b> Fannie Mae                                  |            |
| <b>Intelligent Table Comparison:</b> Active                    |            |
| <b>Original DMS:</b> iw://dms.venable.com/FIRMDOCS/66486312/3  |            |
| <b>Modified DMS:</b> iw://dms.venable.com/FIRMDOCS/66861410/25 |            |
| <b>Changes:</b>                                                |            |
| <u>Add</u>                                                     | 233        |
| <del>Delete</del>                                              | 254        |
| <del>Move From</del>                                           | 0          |
| <u>Move To</u>                                                 | 0          |
| <u>Table Insert</u>                                            | 12         |
| <del>Table Delete</del>                                        | 6          |
| <u>Table moves to</u>                                          | 0          |
| <del>Table moves from</del>                                    | 0          |
| Embedded Graphics (Visio, ChemDraw, Images etc.)               | 95         |
| Embedded Excel                                                 | 0          |
| Format changes                                                 | 0          |
| <b>Total Changes:</b>                                          | <b>600</b> |