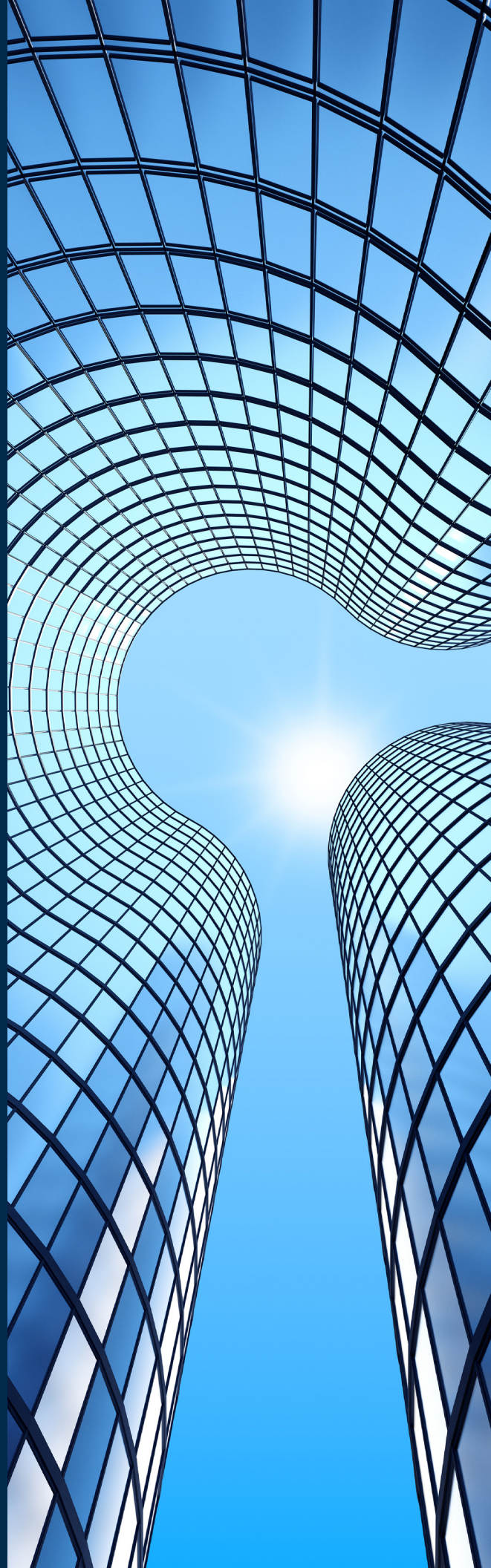


WALKER & DUNLOP

GLOSSARY OF TERMS



FOREWORD

Welcome to the Walker & Dunlop Glossary of Commercial Real Estate Terms.

We created this glossary to define and explain various terms and acronyms commonly used in commercial real estate finance and advisory. As our industry continues to evolve, we have updated the glossary to reflect our ever-growing reach in commercial real estate.

REAL ESTATE TERMS – GENERAL AND LENDING	03
ASSOCIATIONS	06
FINANCIAL TERMS	07
HOUSING AND PROPERTY TYPES	08
AFFORDABLE HOUSING	10
CAPITAL MARKETS	13
FINANCE	14
GOVERNMENT - SPONSORED ENTERPRISES (GSES)	15
INVESTMENT MANAGEMENT	16
INVESTMENT SALES	17
RESEARCH AND INVESTMENT BANKING	18
VALUATION	18
W&D MISCELLANEOUS	19

REAL ESTATE TERMS – GENERAL AND LENDING

TERMS	DEFINITIONS
ADAPTIVE REUSE	A property converted to a different use to meet current demand. Examples could include an office building converted to residential space or an industrial space converted to a retail space.
ADJUSTABLE-RATE MORTGAGE (ARM) LOAN	A loan with an interest rate that adjusts with the market over time. With an ARM, the initial interest rate is fixed for a period of time (floating over an index like SOFR). After that, the interest rate applied on the outstanding balance resets periodically, at yearly or even monthly intervals. If the interest rate increases, your payments increase and vice versa.
AMORTIZATION	Continuous repayment schedule of loan principal over a period of time until the loan is repaid.
BRIDGE LOAN	A temporary or short-term loan that provides financing during the transition to longer-term, lower-rate, or more permanent financing. Borrowers often use bridge loans when acquiring or repositioning any asset class.
CASH-OUT LOAN	A cash-out refinance loan replaces an existing loan with a bigger one, allowing a borrower to convert some or all of a property's equity into cash.
CHIEF UNDERWRITER (CU)/DEPUTY CHIEF UNDERWRITER (DCU)	The chief or deputy chief underwriter who supervises underwriting staff.
CLOSING	The final step of a real estate transaction. Closing is when the transaction is complete, whether it be a sale with a property transfer or just a refinance with new loan documents recorded.
COMMERCIAL MORTGAGE-BACKED SECURITIES (CMBS) CONDUIT LOAN	Fixed-income investment products (bonds) backed by mortgages on commercial properties. A CMBS conduit loan is a commercial real estate loan packaged with a pool of other commercial real estate loans for sale to investors in the secondary market. CMBS allows lenders to free up capital for additional loans.
CONVENTIONAL MULTIFAMILY LOAN	A loan backed by the federal government – Fannie Mae, Freddie Mac, or FHA. There are no governmental subsidies. The loan doesn't qualify as Affordable by the definition of the Agencies.
DEBT SERVICE COVERAGE RATIO (DSCR)	The relationship of the existing cash flow of the property to the cost of the debt. If \$125 of cash flow is coming from the property and the mortgage cost is \$100, then the DSCR is 1.25x.
DEFEASANCE	A common type of prepayment penalty. Defeasance refers to the replacement of the collateral of a loan with securities (generally fixed-rate government bonds) that will offer a lender an equivalent return.
EARLY RATE LOCK DELIVERY (ERL)	Allows borrowers to lock in the interest rate early in the loan origination process.

REAL ESTATE TERMS – GENERAL AND LENDING

[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

REAL ESTATE TERMS – GENERAL AND LENDING

TERMS	DEFINITIONS
FHA MULTIFAMILY LOAN	A loan backed by the federal government – the Federal Housing Authority (FHA) - which is part of the US Dept. of Housing and Urban Development (HUD).
INTERIM LOANS	Loans used for short-term financing, such as acquisitions or property renovations. Bridge loans are a form of interim loans.
INTEREST-ONLY LOAN	A loan in which the borrower is only required to pay back the interest, not the principal, during some or all of the loan duration.
INTEREST-ONLY PERIOD (IO PERIOD)	A period of time during which a borrower only pays interest on the loan. The borrower does not repay any of the original loan balance (the principal), so the borrower owes the same amount of money at the end of an interest-only period as the borrower did at the beginning of the loan.
LETTER OF INTENT (LOI)	A preliminary agreement negotiated between a tenant and landlord or buyer and seller. The Letter of Intent or LOI states the primary economics and deal points with proposed terms.
LOAN BROKER	A commercial real estate professional who provides options to borrowers on multiple capital source executions.
LOAN CLOSER	A loan closer is responsible for assisting clients in securing a mortgage loan. They often handle each aspect of the loan closing process, which includes completing the proper paperwork, informing clients of the loan's contract requirements, and preparing loan reports. Their goal is to help their clients gain approval for a loan and disperse their funds efficiently. These professionals have an in-depth understanding of loan regulations and payment procedures.
LOAN COMMITTEE (LC)/DESIGNATED LOAN COMMITTEE (DLC)	A loan committee/designated loan committee is the managing committee of a lending institution which approves or rejects loans, particularly higher-risk loans that are outside of a loan officer's authority.
LOAN ORIGATION	The multi-step process involved in selling a commercial real estate loan to a borrower, including actions such as pre-qualification and underwriting.
LOAN SERVICER	The professional involved in the administrative aspects of a loan, including collecting and keeping records of monthly payments, collecting and paying taxes and insurance, and managing escrow funds.
LOAN UNDERWRITER	A professional that understands commercial real estate and assesses an asset and a sponsor to determine acceptability of risk of a loan application. More specifically, loan underwriters evaluate the cash flows of the asset, quality of the asset, borrower and sponsor capabilities and experience, etc.
LOAN UNDERWRITING	The process lenders use to evaluate the creditworthiness of a potential loan opportunity including the collateral (property) and borrower.

REAL ESTATE TERMS – GENERAL AND LENDING

[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

REAL ESTATE TERMS – GENERAL AND LENDING

TERMS	DEFINITIONS
LOAN-TO-COST (LTC)	The LTC ratio is a metric used in commercial real estate to compare the total cost of construction or renovation on a project to the amount borrowed.
LOAN-TO-VALUE RATIO (LTV)	The amount of a loan divided by the appraised value of the property, used by lenders in determining loan approvals and down payments. The higher the down payment, the lower the LTV ratio. Mortgage lenders may use the LTV in deciding whether to lend to a borrower and to determine if they will require private mortgage insurance. As a rule of thumb, a good loan-to-value ratio should be no greater than 80%. Anything above 80% is considered to be a high LTV, which means that borrowers may face higher borrowing costs, require private mortgage insurance, or be denied a loan.
MORTGAGE LOAN	A loan secured by real estate.
MORTGAGE SERVICING	Handling the day-to-day tasks involved with a mortgage. A mortgage servicer may do a number of things, including servicing assets such as the following: handling monthly payments (and the statements associated with them), managing mortgage insurance fees, allocating principal and interest in mortgage payments, managing property taxes and escrow funds, and etc.
MORTGAGE SERVICING FEES	Loan servicers charge mortgage servicing fees to process loan or mortgage paperwork. In addition, they'll charge for any services not considered routine, or as a penalty for late payments. After a loan is closed, mortgage loans move into the servicing phase during which the monthly payment is collected until the loan is paid off. It's the responsibility of the servicer to forward principal and interest payments to the investor in the loan, usually someone in the bond market.
MORTGAGE SERVICING RIGHTS (MSRS)	Mortgage servicing rights surface when the original mortgage lender sells the right to service a mortgage to another party.
NON-RECOURSE LOAN	A type of loan where the lender can only take the collateral (property) in the event of a default. Fannie Mae, Freddie Mac, and FHA offer non-recourse loans.
RECOURSE LOAN	A type of loan where the lender can pursue assets beyond the loan's collateral if the borrower defaults. If a borrower defaults on a loan and the collateral used to secure the loan is not enough to cover the total that is still owed to the lender at the time, then the lender can have the right to seek additional personal collateral from the borrower to cover the difference.
REFINANCING LOAN	Replacing an existing mortgage or loan with a new loan, often to take advantage of better interest rates, more favorable terms, to get cash out of an existing loan or when existing debt matures.
FREDDIE MAC SMALL BALANCE LOAN (SBL)	Freddie Mac Small Balance Loan is a streamlined lending program designed for smaller apartment properties nationwide offering loans ranging from \$1 million to \$7.5 million.
FANNIE MAE SMALL MORTGAGE LOAN	Fannie Mae Small Mortgage Loan is a streamlined lending program geared toward smaller rental properties offering fixed-and-variable-rate mortgage loans up to \$9 million nationwide.

REAL ESTATE TERMS – GENERAL AND LENDING

[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

REAL ESTATE TERMS – GENERAL AND LENDING

TERMS	DEFINITIONS
SERVICING	The sending of payment notices to borrowers after the loan is closed, collection of payments from a borrower, maintenance of records of payments and balances, investor reporting, delinquency administration, and handling notification to any investor to whom the loan has been sold (e.g., CMBS), and other miscellaneous services as required.
STRUCTURED ADJUSTABLE RATE MORTGAGE (SARM) LOAN	Long-term financing with a very competitive variable interest rate that is convertible to a fixed-rate for the acquisition or refinance of multifamily properties. A SARM Loan is an ARM Loan with an external Interest Rate Cap.

REAL ESTATE TERMS – GENERAL AND LENDING

ASSOCIATIONS

FINANCIAL TERMS

HOUSING AND PROPERTY TYPES

AFFORDABLE HOUSING

CAPITAL MARKETS

FINANCE

GOVERNMENT - SPONSORED ENTERPRISES (GSES)

INVESTMENT MANAGEMENT

INVESTMENT SALES

RESEARCH AND INVESTMENT BANKING

VALUATION

W&D MISCELLANEOUS

ASSOCIATIONS

TERMS	DEFINITIONS
APPRAISAL INSTITUTE	The Appraisal Institute is a global professional association of real estate appraisers, with over 16,000 professionals in almost 50 countries throughout the world. Its mission is to empower valuation professionals through community, credentialing, education, body of knowledge, and ethical standards.
CERTIFIED COMMERCIAL INVESTMENT MEMBER (CCIM)	Designation by the CCIM Institute that an individual is a recognized expert in commercial and investment real estate.
COMMERCIAL REAL ESTATE FINANCE COUNCIL (CREFC)	The CRE Finance Council (CREFC) is the trade association for the commercial real estate finance industry. Member firms include balance sheet and securitized lenders, loan and bond investors, private equity firms, servicers and rating agencies, among others.
MORTGAGE BANKERS ASSOCIATION (MBA)	A national, member-based nonprofit organization that offers education, professional development, and networking opportunities for the real estate finance industry.
NATIONAL HOUSING & REHABILITATION ASSOCIATION (NH&RA)	NH&RA is a professional association of affordable housing and multifamily owners, developers, and professionals.
NATIONAL MULTIFAMILY HOUSING COUNCIL (NMHC)	The leadership of the apartment industry, bringing together the prominent owners, managers, and developers who help create thriving communities by providing apartment homes. NMHC provides a forum for insight, advocacy, and action that enables both members and the communities they help build to thrive.
NATIONAL INVESTMENT CENTER (NIC)	National Investment Center for Seniors Housing and Care (NIC) is an organization providing the analytics and insights that enable access and choice by providing data, analytics, and connections that bring together investors and providers.

FINANCIAL TERMS

TERMS	DEFINITIONS
BALANCE SHEET	The company's valuation and financial position at a particular time, including assets, liabilities, and equity.
BASIS POINT (BPS)	1/100th of 1%, used in reference to interest rates. e.g., 100 bps = 1% and 50 bps = ½ %.
CAPITALIZATION RATE (CAP RATE)	The ratio used to estimate the value of an income-producing property by dividing the net operating income (NOI) by the property's purchase price or current market value. The cap rate is the yield at which an investor is willing to buy a CRE asset. If a multifamily property has a NOI of \$100K and an investor requires a 5% return, then the value of the property is \$2M.
INTEREST RATE CAP	A financial instrument that will cap the amount of interest a borrower could pay on a floating rate loan.
INTEREST RATE SWAP (SWAP)	A financial instrument that will fix the interest rate of a floating rate loan.
NET OPERATING INCOME (NOI)	A property's gross operating income minus its operating expenses. e.g., Gross operating income is \$100,000. Property generated an additional \$20,000 in miscellaneous income. Total income is \$120,000. Operating expenses are around \$55,000. Net operating income would be \$65,000.
RENT ROLL	A snapshot of a property's current income, as reflected in signed and valid leases.
SECURED OVERNIGHT FINANCING RATE (SOFR)	The Secured Overnight Financing Rate (SOFR) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. It is used as a benchmark for floating rate loans.
SPREADS	The amount over an applicable index that a lender charges to make a loan, e.g., on a 10-year fixed rate loan, there might be a spread of 200 bps over the 10-year treasury.
YIELD	Yield refers to the annual investment return from a property expressed as a percentage of the initial investment. $\text{Yield} = \text{Annual rental income} / \text{purchase price} \times 100$. E.g., purchase price - \$600K annual rental income = \$23,400 Yield = 3.9%.
DEBT YIELD (DY)	A ratio of net operating income to total loan amount that determines the risk of the loan. Lower debt yields indicate higher leverage and higher risk. Higher debt yields indicate lower leverage and lower risk. $\text{Debt yield (DY)} = \text{NOI} / \text{total loan amount}$. NOI = \$100K Total Loan Amount = \$1M DY=10%.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

HOUSING AND PROPERTY TYPES

TERMS	DEFINITIONS
AFFORDABLE HOUSING	Defined by HUD as housing where the occupant pays 30% or less of their gross income on housing and utilities.
ASSISTED LIVING	State-licensed residences and facilities for seniors and people with disabilities who need assistance with daily tasks and access to medical care. These facilities typically offer care that's less extensive than that of a nursing home. These often include memory-care facilities.
BUILD-FOR-RENT (BFR)	A subset of the single-family rental (SFR) market. These properties, purpose-built to be rental homes, are typically lower in density than traditional multifamily properties, and may have differing maintenance and property management considerations.
CONDOMINIUM	A privately owned individual housing unit within a complex of other units.
DATA CENTER REAL ESTATE	A property class focused on facilities that house and operate servers hosting data and web applications, storage devices, switches, routers, and fiber optic transmission equipment with controlled HVAC and cooling systems.
HOSPITALITY REAL ESTATE	An asset class of properties in the service sector, such as hotels, motels, resorts, conference centers, and restaurants designed to cater to needs related to relaxation, pleasure, business meetings, events, and conferences.
INDEPENDENT LIVING	Housing specifically for seniors that does not provide services that support assistance with daily living.
INDUSTRIAL REAL ESTATE	A property used primarily for manufacturing, research and development, production, maintenance, and storage or distribution of goods or both.
LIFE SCIENCES REAL ESTATE	A highly specialized property type designed for laboratory or research and development purposes.
MANUFACTURED HOUSING COMMUNITIES (MHCS)	Homes constructed off-site, then moved to the properties where residents will live. MHCs include the pads and utility and sewer hookups affixed to the land for manufactured homes.
MARKET-RATE HOUSING	Housing where rents are based on existing market demand, without government subsidies.
MIXED USE DEVELOPMENT	A property that includes both residential and commercial space such as retail or office space, fully integrated into one project.
MULTIFAMILY HOUSING	Any residential property that contains more than five housing units, including apartment complexes, manufactured home communities, and single-family rental properties.
OFFICE	An asset class that encompasses all types of structures providing environments conducive to the performance of management and administrative activities, accounting, marketing, information processing, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services.

REAL ESTATE TERMS – GENERAL AND LENDING

[ASSOCIATIONS](#)

[FINANCIAL TERMS](#)

[HOUSING AND PROPERTY TYPES](#)

[AFFORDABLE HOUSING](#)

[CAPITAL MARKETS](#)

[FINANCE](#)

[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)

[INVESTMENT MANAGEMENT](#)

[INVESTMENT SALES](#)

[RESEARCH AND INVESTMENT BANKING](#)

[VALUATION](#)

[W&D MISCELLANEOUS](#)

HOUSING AND PROPERTY TYPES

TERMS	DEFINITIONS
RETAIL PROPERTY	Commercially zoned property used solely for the purpose of selling products. Examples include retail stores, malls, and shopping centers.
SELF-STORAGE	A commercial real estate class that caters to individuals and businesses seeking secure storage solutions. Self-storage facilities are designed to house a number of individual storage units, each carrying a separate lease.
SENIORS HOUSING	Any of the subsets of housing specifically for seniors (age 55 and up).
SINGLE-FAMILY RENTAL (SFR)	Purpose-built housing designed to be operated as single-family rental investments.
SKILLED NURSING FACILITY (SNF)	A facility that provides healthcare and rehabilitation services that can only be performed by a registered nurse or doctor on a continuous or daily basis.
STUDENT HOUSING	A residential building designed and/or predominantly inhabited by students enrolled in a college or university.
STUDIO PROPERTY	A sub-category of operational real estate that includes film and TV studios and soundstage facilities.
OCCUPANCY	The number of units currently occupied or rented in a multifamily building or complex.
PORTFOLIO	A collection of commercial real estate investments and assets.
PROPERTY MANAGEMENT	Oversight of residential, commercial, and industrial properties, including maintenance and day-to-day operations.
QUALIFIED OPPORTUNITY ZONE (QOZ)	A location within an economically distressed community. These investments may be eligible for tax deferment or preferential tax treatment.
CLASS A, B, AND C ASSETS	Class A properties are newer with high-quality amenities and finishes. They also tend to be desirably located with lifestyle or branding associated with the buildings. Class B properties tend to be older than Class A (though some older locations can maintain a Class A designation). Class B buildings have adequate or good construction and amenities but are not considered luxury spaces and have fewer amenities/less desirability than the Class A designation. Class C buildings are older buildings that are not as well located or amenitized.
TROPHY ASSET	A prestigious property, usually in a prime location with strong underlying fundamentals, which is in high demand.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

AFFORDABLE HOUSING

TERMS	DEFINITIONS
WALKER & DUNLOP AFFORDABLE HOUSING	W&D's team is committed to improving our nation's affordable housing stock and ensuring people have access to stable, quality, and safe housing by providing affordable capital advisory and investment sales services, Low Income Housing Tax Credit (LIHTC) equity, debt financing, as well as affordable housing and preservation investment opportunities.
LITTLE A AFFORDABLE HOUSING	Also known as workforce housing, where households typically earn between 60 and 120 percent of AMI (Area Median Income), this housing is aimed at those who earn too much to qualify for subsidy programs such as LIHTC and Housing Choice Vouchers but are cost-burdened at market-rate rent levels. This also includes naturally occurring affordable properties that do not have Land Use Restriction Agreements (LURA).
BIG A AFFORDABLE HOUSING	This housing is specifically for renters earning below 60 percent of AMI (Area Median Income) and qualify for subsidy programs such as LIHTC and Housing Choice vouchers. All Big A affordable properties have some form of Land Use Restriction Agreement (LURA) attached to them, requiring rents to be restricted to set affordable levels.
AFFORDABLE HOUSING PRESERVATION	Preserving affordable properties that are at or nearing the end of their 15 year compliance period, preventing them from being redeveloped into market-rate properties. W&D Affordable Preservation does this by acquiring these assets and either extending existing income and/or rent restrictions or putting new restrictions in place.
COMMUNITY REINVESTMENT ACT (CRA)	Requires the Federal Reserve and other federal banking regulators to encourage financial institutions to help meet the credit needs of the communities in which they do business, including low- and moderate-income (LMI) neighborhoods. CRA is important because banks have requirements to invest in communities where they hold deposits. If W&D has an investment in those areas, it could give an investor CRA credit.
LAND USE RESTRICTION AGREEMENT (LURA)	A Land Use Restriction Agreement (LURA) is a binding, recorded contract between a property owner and a government entity or funding agency that sets specific limitations on property use, particularly in affordable housing programs such as LIHTC. It ensures compliance with requirements such as income targeting, rent levels, tenant eligibility, and duration of affordability.
LIHTC (LOW-INCOME HOUSING TAX CREDIT PROGRAM)	A dollar-for-dollar federal tax credit for affordable housing investments. Private investors receive a federal income tax credit as an incentive to make equity investments in affordable rental housing. The role of the investor is to partner with the developer of a project (the general partner) by providing equity to help finance its construction or rehabilitation. Many capital investors receive additional tax savings due to the depreciation deduction from the projects. Most current investors are banks and other institutions that want or need CRA (Community Redevelopment Act) credit.
NOT IN MY BACK YARD (NIMBY)	An acronym for Not In My Back Yard (NIMBY). It refers to opposition by residents to proposed developments in their local area.

REAL ESTATE TERMS – GENERAL AND LENDING

ASSOCIATIONS

FINANCIAL TERMS

HOUSING AND PROPERTY TYPES

AFFORDABLE HOUSING

CAPITAL MARKETS

FINANCE

GOVERNMENT - SPONSORED ENTERPRISES (GSES)

INVESTMENT MANAGEMENT

INVESTMENT SALES

RESEARCH AND INVESTMENT BANKING

VALUATION

W&D MISCELLANEOUS

AFFORDABLE HOUSING

TERMS	DEFINITIONS
PROJECT-BASED SECTION 8	<ul style="list-style-type: none"> Rental assistance is tied to specific properties or developments. Assistance is provided directly to the property owner or landlord. Eligible units within the property are designated for low-income individuals or families, usually earning no more than 30% of AMI. Rent is typically set at an affordable level based on the tenant's income, with a portion subsidized by HUD. Rent is typically set at a market level based on submarket rent surveys. The tenant pays a calculated portion of their income, and the delta to the calculated rent is subsidized by HUD. Tenants must live in the designated units to receive the rental assistance. If ownership can demonstrate a good faith effort has been made to lease a vacant HAP unit, ownership may request reimbursement from HUD for the lost income.
SECTION 8 VOUCHERS	<ul style="list-style-type: none"> Unlike project-based Section 8, Section 8 vouchers are provided to eligible individuals or families and allow tenants to choose their own housing within program guidelines. Voucher holders are responsible for finding their own housing in the private rental market. Voucher holders can choose any eligible rental unit that meets program requirements, including private landlords and apartment complexes. The rental assistance is applied towards the tenant's portion of the rent, and the voucher holder pays the difference. Vouchers offer more flexibility as tenants can move to different rental units within the program guidelines. In many Housing Authority jurisdictions, the full payment standard for the voucher is payable above any other limiting programmatic restrictions.
SPONSOR RESTRICTED RENTS	The sponsor sets restrictions on a percentage of the units at a particular AMI level. Rent does not exceed 30% of adjusted AMI for unit size.
SPONSOR INITIATED AFFORDABLE (SIA)	Fannie Mae's product that requires a minimum of 20% of units that are affordable at 80% of AMI or less, as adjusted for family size.
TENANT ADVANCEMENT COMMITMENT	Freddie Mac's product that requires a percentage of units to be affordable between 60-80% of AMI or less as adjusted for family size.
SYNDICATE	A temporary alliance formed by professionals to handle a large transaction that would be impossible to execute individually. By forming a syndicate, members can pool their resources together, and share in both the risks and the potential for attractive returns. This individual or company is in charge of finding, acquiring, and managing the real estate. They have a history of real estate experience and the ability to underwrite and do due diligence on the real estate.
WALKER & DUNLOP AFFORDABLE INVESTMENT SALES	Part of W&D Affordable Housing, W&D Affordable Investment Sales represent the nation's premier multifamily owners, developers, and operators, guiding them through any situation, including disposition, refinancing, partnership dissolution, partnership buyout, asset repositioning, and resyndication.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

AFFORDABLE HOUSING

TERMS	DEFINITIONS
W&D AFFORDABLE EQUITY (WDAE)	Formerly known as Alliant Capital, our Affordable Equity team syndicates tax credits for the development and financing of affordable multifamily rental housing in the U.S. It is an important part of W&D's strategy to provide a full spectrum of affordable housing services under one roof. W&D Affordable Equity finances the creation and renovation of affordable housing by partnering developers with investors through the LIHTC program.
WALKER & DUNLOP AFFORDABLE DEBT FINANCING	Part of W&D Affordable Housing, W&D Affordable Debt Financing experts provide specialized and innovative financing solutions, executing transactions using the full range of debt financing options including Fannie Mae, Freddie Mac, FHA/HUD, and Capital Markets.
WALKER & DUNLOP AFFORDABLE PRESERVATION	Formerly known as Alliant Strategic Investments (ASI), our preservation business focuses on the preservation of affordable housing by investing in affordable assets with the goal of maintaining the affordability status while improving the lives of the residents through physical property improvements, property optimization, and resident services.
WALKER & DUNLOP AFFORDABLE PRESERVATION IMPACT REPORT	An annual report with a thought leadership perspective on ESG trends and directions in the Affordable Housing Market.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

CAPITAL MARKETS

TERMS	DEFINITIONS
W&D CAPITAL MARKETS	W&D's team of mortgage bankers/brokers that act as trusted advisors on all asset classes for many of the industry's top developers, owners, and operators and a trusted resource for our capital providers.
CAPITAL MARKET	A capital market is a financial market in which long-term debt or equity-backed securities are bought and sold. Capital markets are the sources of financing for commercial real estate transactions, including banks, insurance companies, and commercial mortgage-backed securities (CMBS) conduits, investors, and the bond market.
CAPITAL MARKETS EXECUTION (CME)	For Capital Markets execution, W&D acts as the advisor vs. the lender role for GSE execution.
STRUCTURED FINANCE	<p>Structured finance is used after the first mortgage when borrowers need options beyond debt financing and includes all options in the capital stack, including joint venture equity, bridge and preferred equity, mezzanine financing, platform or operating company investments, and development/construction financing.</p> <p>If a borrower can get 60% LTV for the first mortgage, then the borrower goes up the capital stack for structured finance or more equity. Typically, the borrower tries to get structured finance from 60-75% – e.g., preferred equity or mezzanine equity. Our structured finance group plays above the first mortgage and common equity and can go into common equity, e.g., joint venture.</p>
STRUCTURED DEBT	A combination of senior debt, secured by a mortgage or the property itself, and preferred equity or mezzanine debt, typically employed as a “bridge” for short-term needs, used to finance a commercial real estate transaction. But not every bridge loan is considered structured debt.
STRUCTURED EQUITY	A combination of preferred equity and common equity, the investment made by owner/operators and their partners, used to finance a commercial real estate transaction.
PREFERRED EQUITY	When an investor provides money to a property owner in exchange for an ownership stake. Preferred equity investors have certain privileges or preferences over other types of investors, such as common equity investors. It is commonly referred to as Pref Equity.
MEZZANINE DEBT/ EQUITY	When a hybrid debt issue is subordinate to another debt issue from the same issuer. Mezzanine debt bridges the gap between debt and equity financing and is often used during mergers and acquisitions or leveraged buyouts. It is commonly referred to as Mezz Debt.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

FINANCE

TERMS	DEFINITIONS
AGENCY LENDER	A lender licensed or authorized to originate and/or service loans for Fannie Mae, Freddie Mac, and other government-sponsored enterprises. Walker & Dunlop is an agency lender.
FEDERAL HOUSING FINANCE AGENCY (FHFA)	The FHFA is responsible for the supervision and oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Bank Systems.
FEDERAL HOUSING ADMINISTRATION (FHA)	A division of HUD which insures loans by approved lenders for single-family homes, multifamily properties, residential care facilities, and hospitals in the U.S.
FHA FINANCE	W&D's team that finances new construction, refinances, and substantial rehabilitation of the nation's workforce and affordable housing.
GINNIE MAE	The Government National Mortgage Association is a federal agency that links the U.S. housing market to global capital markets to provide low-cost financing for federal housing programs.
THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)	The executive department of the federal government that administers federal housing and urban development laws.
HOUSING ASSISTANCE PAYMENT (HAP)	HAP contracts provide tenant-based assistance under HUD's housing choice voucher program.
HUD LOAN	This type of loan is insured by the federal government and backed by the Federal Housing Administration (FHA) – part of the US Department of Housing and Urban Development (HUD).
HUD 220	HUD Section 220 was created to insure new construction and rehabilitation of mixed-use projects in urban renewal areas. It includes code enforcement stipulations and was created to insure lenders against loss on mortgage default in areas designated for revitalization.
HUD 223F	Section 223F was created to insure mortgage loans to purchase or refinance existing multifamily rental housing.
HUD D4	The "D4" refers to Section 221 (d)(4). This program insures loans for multifamily properties consisting of single-room occupancy (SRO) apartments. There are no Federal subsidies involved with this program and it is the multifamily industry's highest-leverage, lowest-cost, non-recourse, fixed-rate loan.
RENTAL ASSISTANCE DEMONSTRATION (RAD)	An initiative of the U.S. Department of Housing and Urban Development (HUD) that seeks to preserve and improve certain kinds of affordable housing subsidized by HUD. RAD can be financed with HUD, GSE, or other lenders.
MULTIFAMILY FINANCING	The financing - providing loans to multifamily owners using all capital sources, e.g., Agencies – FHA and Government-sponsored enterprises (GSEs - Fannie Mae & Freddie Mac), Capital Markets, and WDIP.

REAL ESTATE TERMS – GENERAL AND LENDING

ASSOCIATIONS

FINANCIAL TERMS

HOUSING AND PROPERTY TYPES

AFFORDABLE HOUSING

CAPITAL MARKETS

FINANCE

GOVERNMENT - SPONSORED ENTERPRISES (GSEs)

INVESTMENT MANAGEMENT

INVESTMENT SALES

RESEARCH AND INVESTMENT BANKING

VALUATION

W&D MISCELLANEOUS

FINANCE

TERMS	DEFINITIONS
W&D MULTIFAMILY FINANCE (MFF)	W&D's team that originates, underwrites, closes, and services loans to multifamily owners. The #1 government-sponsored enterprise (GSE) lender with access to Fannie Mae & Freddie Mac financing.
W&D SMALL BALANCE LENDING	W&D's team that originates, underwrites, closes, and services small balance loans (defined as 5-50 units or under \$10M) for multifamily properties.
WALKER PRIVATE LENDING	A non-recourse loan program by W&D and Kayne Anderson Real Estate focused on full-term, interest-only loans starting at \$2 million, expanding W&D's direct lending capabilities.

REAL ESTATE TERMS – GENERAL AND LENDING

[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

GOVERNMENT - SPONSORED ENTERPRISES (GSES)

TERMS	DEFINITIONS
AGENCY LENDER	A lender licensed or authorized to originate and/or service loans for Fannie Mae, Freddie Mac, and FHA. Walker & Dunlop is an agency lender.
DELEGATED UNDERWRITING AND SERVICING (DUS)	Under the delegated underwriting and servicing (DUS) model, a lender is pre-approved and given the authority to underwrite, close, and service loans on behalf of Fannie Mae. W&D was one of the original 8 lenders given this designation. We are the only one of the original 8 remaining. There are other lenders who now have this designation.
GOVERNMENT-SPONSORED ENTERPRISE (GSE)	A an enterprise created by Congress for financial services. Fannie Mae and Freddie Mac.
FANNIE MAE	The Federal National Mortgage Association, chartered by Congress to provide a reliable source of affordable mortgage financing across the U.S.
FREDDIE MAC	The Federal Home Loan Mortgage Corporation, chartered by Congress to support the US housing finance system and help ensure an affordable, reliable supply of mortgage funds across the country.
FEDERAL HOUSING FINANCE AUTHORITY (FHFA)	The Federal Housing Finance Agency (FHFA) is responsible for the supervision and oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Bank Systems.
GREEN FINANCING	Loan programs for borrowers who invest in energy and water efficiency for their existing properties. Fannie Mae offers Green Rewards and Green Building Certifications. Freddie Mac offers Multifamily Green Advantage.
K-DEALS	A Freddie Mac product that features a range of investor options with stable cash flows and a structured credit enhancement. K-Deals include guaranteed senior and interest-only classes. The related underlying private label trust includes unguaranteed subordinate and interest-only bonds.

GOVERNMENT - SPONSORED ENTERPRISES (GSES)

TERMS	DEFINITIONS
MISSION INVESTING	The use of investments by foundations as tools to achieve their philanthropic goals. Mission Investments (also called Impact Investments) describe investments by mission-based organizations that are designed to generate both a social and a financial return. Mission-Related Investments (MRIs) are market-rate investments that support the mission of the foundation by generating a positive social or environmental impact, while generating reasonably competitive rates of financial return.
Q-DEALS	A Freddie Mac product which is a mortgage-backed security issued by Freddie that is backed by collateral not originally underwritten by Freddie.
SPONSORED DEDICATED WORKFORCE (SDW) HOUSING	A Fannie Mae program that provides a pricing incentive for borrowers wanting to establish rent restrictions as part of a private financing approach to address the affordability crisis for missing-middle renters.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

INVESTMENT MANAGEMENT

TERMS	DEFINITIONS
WALKER & DUNLOP INVESTMENT PARTNERS (WDIP)	W&D's investment management team that raises and deploys capital for commercial real estate.
ACCREDITED INVESTOR	An accredited investor is an individual, trust, or a business entity that is deemed a sophisticated investor based on certain financial and professional criteria.
ASSETS UNDER MANAGEMENT (AUM)	The total market value of investments that an advisor, investment management firm, real estate developer, fund, or other entity that manages invested capital handles on behalf of investor customers.
CARRIED INTEREST (CARRY/PROMOTE)	The share of investment profits earned by investment managers, which is subject to certain performance hurdles (e.g., investors earning at least a 7% IRR before the manager earns carried interest).
INTERNAL RATE OF RETURN (IRR)	The internal rate of return (IRR) is the annual rate of growth that an investment is expected to generate (or has generated if realized).
FUND	A vehicle for aggregating capital commitments from investors to invest in either equity or loans (debt).
GENERAL PARTNER (GP)	The general partner(s) manages the day-to-day operations of an investment or investment vehicle. Usually referred to as the sponsor in the case of an investment; however, WDIP is the general partner of its funds.
LIMITED PARTNER (LP)	The limited partner(s) (if applicable) are passive investors in investments or funds.
DEBT INVESTOR	Provides the capital that WDIP uses to originate a loan.

INVESTMENT MANAGEMENT

TERMS	DEFINITIONS
EQUITY INVESTOR	Provides the capital that WDIP uses to finance properties through one of its equity funds.
JOINT VENTURE (JV)	An investment vehicle similar to a fund but typically with one investor partner. In a joint venture, WDIP is also investing its own capital.
MULTIPLE	The ratio of investment distributions and residual value over the paid-in capital.
PRIVATE PLACEMENT MEMORANDUM (PPM)	A legal and marketing book that WDIP creates to send to potential investors when WDIP is raising a fund. It details the investment strategy and provides an overview of the manager and track record, terms of the fund, and risks associated with investing in the fund.
SPONSOR/OWNER	See General Partner above.
SEPARATELY MANAGED ACCOUNT (SMA)	An investment vehicle that typically has a single investor. Unlike a joint venture, WDIP does not invest its own capital in an SMA.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

INVESTMENT SALES

TERMS	DEFINITIONS
WALKER & DUNLOP INVESTMENT SALES (WDIS)	W&D's team that provides investment sales, equity placement, and advisory services, including property analysis, financing, and servicing.
BROKER OPINION OF VALUE (BOV)	An unofficial assessment of a property's value by an expert, like a commercial real estate broker, which is often used in estimates before an official appraisal.
DISPOSITION	The act of selling, subleasing, or conducting a lease buyout of commercial real estate property. It's often done to monetize assets to reallocate funds into the company or pay off debt.
OFFERING MEMORANDUM (OM)	A key legal document used in the private placement of commercial real estate. The OM provides buyers with information about the property and the offering, protects the Sponsor from potential liability, and serves as a tool for winnowing down the pool of bidders. The OM describes the objectives of the investment, details some of the potential risks associated with the placement, and the terms and conditions of the commercial real estate private placement.

RESEARCH AND INVESTMENT BANKING

TERMS	DEFINITIONS
TYPES OF CAPITAL RAISING	High Yield Notes, Initial Public Offerings, Institutional Term Loans, Investment Grade Notes, Joint Venture Financing, Minority Investments, Primary and Secondary Equity Offerings, Private Debt & Equity Placements, Project Financing, Public & Non-Traded REITs, and Strategic Investor Sourcing.
ZELMAN EQUITY RESEARCH	W&D's equity research team that provides extensive macro, sector, and company-specific equity research, proprietary industry surveys, stock recommendations, and insights leveraging our constant flow of real-time data.
EQUITY RESEARCH SECTORS COVERED	Homebuilding, building products, apartments, demographics, homecenters, macro housing, mortgage finance, real estate services, and single-family rental.
WALKER & DUNLOP INVESTMENT BANKING (WDIB)	W&D's investment banking team that offers comprehensive M&A advisory services and capital markets solutions to our corporate and investor clients, their boards, and special committees.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

VALUATION

TERMS	DEFINITIONS
APPRISE BY WALKER & DUNLOP	W&D's independent third-party valuation and advisory team that provides up-front deal sizing support, market intelligence, appraisals, financial reporting, and custom data-driven technology solutions for internal and external clients.
APPRAISAL	An unbiased professional opinion of the value of a property conducted by a licensed appraiser, based on factors such as geographic location, economic fluctuations, demographics, market demand, and maintenance.
APPRAISAL REPORT	A written document prepared by an appraiser that details the appraisal process, methodology, and the final value estimate.
CERTIFIED GENERAL APPRAISER (CG)	An appraisal license classification that qualifies an individual to appraise all types of real property. This license is issued on a state by state basis.
COMPARABLE PROPERTY	A property that is similar to the subject property in terms of location, size, condition, and other relevant characteristics, used for comparison in the valuation process. Also known as "comps", these can be sales comps of recently sold properties, operating comps for individual income and expense line items, assessment/tax comps, or rent comps.
COST APPROACH	A valuation method that estimates the value of a property by considering the cost of replacing it, taking into account depreciation and obsolescence.
INCOME APPROACH	A valuation method used primarily for income-producing properties, estimating value based on the property's income potential. The income approach can be made up of the direct capitalization or discounted cash flow methods, or both.

VALUATION

TERMS	DEFINITIONS
MAI DESIGNATION, APPRAISAL INSTITUTE	The MAI designation is held by professionals who can provide a wide range of services relating to all types of real property, such as providing opinions of value, evaluations, review, consulting and advice regarding investment decisions, among others.
MARKET VALUE	The most probable price which a property should bring in a competitive and open market under a) conditions requisite to a fair sale, b) the buyer and seller each acting prudently and knowledgeably, and c) assuming the price is not affected by undue stimulus.
PURCHASE PRICE ALLOCATION (PPA)	An acquisition accounting process of assigning a fair value to all of the acquired assets and liabilities assumed by the target company.
SALES COMPARISON APPROACH	A valuation method that estimates the value of a property by comparing it to similar properties that have recently sold.
VALUATION	Real estate valuation is a process of using three methods (sales comparison, cost, and income approaches) to determine the current value of a potential real estate investment. A property's estimated value takes into consideration a variety of key data points, in addition to current market conditions and political and social trends.
VALUATIONS FOR FINANCIAL REPORTING (VFR)	Real estate valuations for financial reporting purposes are conducted quarterly or annually.

[REAL ESTATE TERMS – GENERAL AND LENDING](#)
[ASSOCIATIONS](#)
[FINANCIAL TERMS](#)
[HOUSING AND PROPERTY TYPES](#)
[AFFORDABLE HOUSING](#)
[CAPITAL MARKETS](#)
[FINANCE](#)
[GOVERNMENT - SPONSORED ENTERPRISES \(GSES\)](#)
[INVESTMENT MANAGEMENT](#)
[INVESTMENT SALES](#)
[RESEARCH AND INVESTMENT BANKING](#)
[VALUATION](#)
[W&D MISCELLANEOUS](#)

W&D MISCELLANEOUS

TERMS	DEFINITIONS
CREUNITED	CREUnited is an alliance among major industry leaders in commercial real estate dedicated to increasing women and minority representation and growing assets under management by these underrepresented groups.
NET PROMOTER SCORE (NPS)	A metric used to determine client experience and satisfaction. W&D is proud to have an NPS of 88+, which puts us in the top 100th percentile of our industry.
PHYSICAL NEEDS ASSESSMENT (PNA)	A periodic examination and evaluation of real estate to evaluate the viability of the real estate to continue serving its intended purpose into the future.
WALKER WEBCAST	A weekly webcast by W&D Chairman and CEO Willy Walker, featuring prominent figures from entertainment, sports, business, academia, and beyond.
WALKER WAY	This is what drives Walker & Dunlop. It is our values and how our team behaves: Caring, Collaborative, Driven, Insightful, and Tenacious.
THE WorD	From Walker & Dunlop insights to timely industry news, this monthly LinkedIn newsletter offers a mix of the latest trends and information in commercial real estate and finance. The WorD features thought leadership articles, news links, analysis reports, and a calendar of upcoming events and Walker Webcasts.

WALKER & DUNLOP

CORPORATE HEADQUARTERS

7272 Wisconsin Avenue, Suite 1300
Bethesda, Maryland 20814

Phone 301.215.5500

info@walkeranddunlop.com

WalkerDunlop.com

