



## FREDDIE MAC® Lease-Up Loan

Arbor's Freddie Mac Lease-Up Loan product allows newly constructed properties to lock in a rate and fund a loan before the collateral is fully stabilized.

### Product Description

**Refinance Lease-Up** – Refinancing for newly constructed properties

**Acquisition Lease-Up** – Acquisition financing for newly constructed properties

<b>Loan Amount</b>	Typically \$10M and up
<b>Loan Term</b>	5-10 years
<b>Loan Types</b>	Fixed and floating-rate loans; Interest-only (I/O) available during lease-up period
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• Well-constructed properties exhibiting strong lease-up trends in good locations and strong markets</li> <li>• Student housing and manufactured housing community transactions are not eligible</li> <li>• Stabilization expected within 12 months of closing</li> </ul>
<b>Eligible Borrowers</b>	Borrowers must have experience with new construction or lease-up properties and generally have strong financial capacity and real estate management expertise with good performance and credit history.
<b>Amortization</b>	30 years
<b>Minimum DCR</b>	<ul style="list-style-type: none"> <li>• 1.30x (Conventional and Targeted Affordable)</li> <li>• 1.35x (Seniors Housing with Independent Living)</li> <li>• 1.45x (Seniors Housing with Assisted Living)</li> </ul>
<b>Maximum LTV (as-stabilized)</b>	<ul style="list-style-type: none"> <li>• 75% for Refinance Lease-Up (Conventional and Targeted Affordable)</li> <li>• 70% for Refinance Lease-Up (Seniors Housing with Independent Living or Assisted Living)</li> <li>• 70% for Acquisition Lease-Up (Conventional, Targeted Affordable Seniors Housing with Independent Living or Assisted Living)</li> </ul>
<b>Minimum Cash Equity Requirement</b>	<ul style="list-style-type: none"> <li>• 15% for Refinance Lease-Up (Conventional and Targeted Affordable)</li> <li>• 20% for Refinance Lease-Up (Seniors Housing with Independent Living and/or Assisted Living)</li> <li>• 25% for Acquisition Lease-Up (Conventional, Targeted Affordable and Seniors Housing with Independent Living and/or Assisted Living)</li> </ul>
<b>Lease-Up Credit Enhancement Requirements</b>	<ul style="list-style-type: none"> <li>• Lease-Up Credit Enhancement is required for all Lease-Up transactions</li> <li>• The form of the Lease-Up Credit Enhancement will be determined by Freddie Mac</li> <li>• The Lease-Up Credit Enhancement must be at least 5% of the unpaid principal balance (10% if the Lease-Up Credit Enhancement is a guaranty, subject to additional conditions)</li> <li>• Release of Lease-Up Credit Enhancement will occur once the property has achieved the required amortizing DCR based on average performance of the past 3 months, net rental income for the past 1 month meets or exceeds the level necessary to reach the required amortization DCR, and met other standard conditions as set forth by Freddie Mac</li> <li>• If the required DCR is not reached within 12 months, the Lease-Up Credit</li> </ul>



Enhancement will be used to resize the loan and recast the payments

## **Appraisal Report**

Must provide the “as-is” and “as-stabilized” value for the property

## **Closing Debt Service Escrow**

An additional 3-month debt service escrow may be required based on the property’s actual operations at underwriting

## **Rate Lock**

- 50% occupied
- 60% leased
- 60% or more Certificates of Occupancy issued

## **Premier Sponsors & Markets**

Except for Seniors Housing, additional flexibility is available on a case-by-case basis through an assessment of the sponsor and market as determined by Freddie Mac

## **Closing**

- 1.05x DCR (Refinance Lease-Up) and 1.0x DCR (Acquisition Lease-Up)
- 65% occupied
- 75% leased
- 100% of Certificates of Occupancy issued (Conventional and Targeted Affordable)
- 90% of Certificates of Occupancy issued (Seniors Housing with Independent Living or Assisted Living)
- Assisted Living properties must have all required licenses authorizing operations