



## 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.

### Description

**Refinance Lease-Up** – Refinancing for newly constructed properties in strong markets and locations.

**Acquisition Lease-Up** – Acquisition financing for newly constructed properties in strong markets and locations.

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| <b>Loan Amount</b>                             | Typically \$10,000,000 and up                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Loan Term</b>                               | 5-10 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Loan Types</b>                              | Fixed and floating-rate loans. Interest-only (I/O) available during the lease-up period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Eligible Properties</b>                     | Conventional newly constructed multifamily properties in lease-up; construction must be substantially complete prior to funding. Well-constructed properties, exhibiting strong lease-up trends, and located in good locations and markets. Stabilization expected within 12 months of funding.                                                                                                                                                                                                                                                                            |
| <b>Sponsorship</b>                             | Sponsors must have experience with new construction and/ 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 and/or Assisted Living)</li> <li>• 70% for Acquisition Lease-Up (Conventional, Targeted Affordable Seniors Housing with Independent Living and/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>Minimum Credit Enhancement Requirements</b> | <ul style="list-style-type: none"> <li>• A Lease-Up Credit Enhancement is required for all Lease-Up transactions</li> <li>• The amount and form of the Lease-Up Credit Enhancement will be determined by Freddie Mac</li> <li>• Release of credit enhancement will occur once the property has achieved the required amortizing DSCR for 3 months and met other standard conditions as set forth by Freddie Mac</li> <li>• If the required DSCR is not reached within 12 months, the credit enhancement will be used to resize the loan and recast the payments</li> </ul> |
| <b>Required Reports</b>                        | Appraisal, Property Condition Assessment, Phase I Environmental, Zoning, Insect and Flood.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



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| <b>Appraisal Report</b>                                          | The appraisal report must provide the “as is” and “as stabilized” value for the property. The underwritten value will be based on the “as stabilized” value (unless there is an adjustment for something other than construction or income until stabilization).                                                                                                                                   |
| <b>Prepayment</b>                                                | <p><b>For fixed-rate loans</b> – yield maintenance until securitized, followed by two-year lockout; defeasance thereafter. No penalty for final 90 days.</p> <p><b>For floating-rate loans</b> – four main pre-payment options available with no penalty for final 90 days.</p>                                                                                                                    |
| <b>Pricing</b>                                                   | Tiered Pricing Matrix. More favorable terms available for higher DSCR and lower LTV.                                                                                                                                                                                                                                                                                                               |
| <b>Rate Lock Performance Requirements</b>                        | <ul style="list-style-type: none"> <li>• 50% occupied</li> <li>• 60% leased</li> <li>• 60% or more Certificates of Occupancy issued</li> </ul>                                                                                                                                                                                                                                                     |
| <b>Funding DSCR</b>                                              | <p>For Refinance Lease-Up – 1.05 interest-only or amortizing DSCR.</p> <p>For Acquisition Lease-Up – 1.00 interest-only or amortizing DSCR.</p>                                                                                                                                                                                                                                                    |
| <b>Release of Credit Enhancement/ Requirements Stabilization</b> | Stabilization and/or release of credit enhancement will occur once the property has achieved and maintained 1.25 amortizing DSCR for three consecutive months and met other standard conditions as set forth by Freddie Mac. If stabilization not reached within 12 months, then the credit enhancement will be used to resize the loan and recast the payments.                                   |
| <b>Premier Sponsors &amp; Markets</b>                            | Additional flexibility available on a case-by-case basis through an assessment of the sponsor and market as determined by Freddie Mac.                                                                                                                                                                                                                                                             |
| <b>Application Deposit</b>                                       | \$26,500. Covers all estimated underwriting costs (including application fee). Additional non-refundable application fee due to Freddie Mac at Rate Lock: 0.1% of loan amount.                                                                                                                                                                                                                     |
| <b>Legal/Closing Fee</b>                                         | Arbor’s Counsel Fee to be determined at application.                                                                                                                                                                                                                                                                                                                                               |
| <b>Closing</b>                                                   | <ul style="list-style-type: none"> <li>• 65% occupied</li> <li>• 75% leased</li> <li>• 100% of Certificates of Occupancy issued (Conventional and Targeted Affordable)</li> <li>• 90% of Certificates of Occupancy issued (Seniors Housing with Independent Living and/or Assisted Living)</li> <li>• Assisted Living properties must have all required licenses authorizing operations</li> </ul> |
| <b>Good Faith Deposit</b>                                        | 2% of loan amount due at rate lock for early rate-lock transactions, but refundable post-closing or post-purchase of the loan by Freddie Mac.                                                                                                                                                                                                                                                      |