



Freddie Mac Premier and Standard Lease-Up Execution

Freddie Mac offers both the Premier and Standard Lease-Up Executions for construction take-out loans.

Key Benefits

- Both utilize our Freddie Mac Extended Early Rate-Lock delivery to target qualifying loans on conventional newly constructed or substantially renovated properties in lease-up.
- Properties have up to 24 months to reach stabilization. Freddie Mac will release the loan enhancement after the property has achieved underwritten occupancy and rent levels for six months.

At-a-Glance Comparison

Product Summary	Standard Lease-Up	Premier Lease-Up
Eligible Properties	<ul style="list-style-type: none"> • Conventional newly constructed or substantially renovated properties in lease-up • Average to above average sponsorship, property, location, market; not more than 90% LTC; property must exhibit strong lease-up 	<ul style="list-style-type: none"> • Conventional newly constructed or substantially renovated properties in lease-up • Excellent sponsorship, property, location, market; not more than 90% LTC; property must exhibit strong lease-up
Maximum Loan-to-Value (LTV) and Maximum Loan-to-Cost (LTC)	Amortizing & Partial IO for ≥ 7 yrs: < 7 yr: 70% LTV; 80% LTC ≥ 7 yr - < 10 yr: 75% LTV; 85% LTC ≥ 10 yr: 80% LTV; 90% LTC Full-term IO: 65% (< 7 yrs: 60%)	Amortizing & Partial IO for ≥ 7 yrs: < 7 yr: 70% LTV; 80% LTC ≥ 7 yr - < 10 yr: 75% LTV; 85% LTC ≥ 10 yr: 80% LTV; 90% LTC Full-term IO: 65% (< 7 yrs: 60%)
Minimum Debt Coverage Ratio - Fixed-Rate <i>*Refer to grid on second page for ARM sizing parameters</i>	<u>Amortizing:</u> ≥ 7 yr: 1.10x amortizing at closing < 7 yr: 1.15x at closing ≥ 7 yr: 1.25x amortizing as stabilized < 7 yr: 1.30x as stabilized <u>Full-term IO ($\leq 65\%$ LTV):</u> ≥ 7 yr: 1.40x IO at closing; 1.60x IO as stabilized < 7 yr: 1.45x IO at closing; 1.65x IO as stabilized <u>Partial IO (up to 2 years):</u> ≥ 7 yr: 1.10x at closing; 1.25x as stabilized	<u>[NOTE: SAME AS STANDARD LEASE-UP]</u> <u>Amortizing:</u> ≥ 7 yr: 1.10x amortizing at closing < 7 yr: 1.15x at closing ≥ 7 yr: 1.25x amortizing as stabilized < 7 yr: 1.30x as stabilized <u>Full-term IO ($\leq 65\%$ LTV):</u> ≥ 7 yr: 1.40x IO at closing; 1.60x IO as stabilized < 7 yr: 1.45x IO at closing; 1.65x IO as stabilized <u>Partial IO (up to 2 years):</u> ≥ 7 yr: 1.10x at closing; 1.25x as stabilized
Rate-Lock	Lock at break-even occupancy at maximum note rate and 100% certificates of occupancy issued	Lock at minimum 40% occupancy, 50% leased and 50% certificates of occupancy issued (High-rises must also have 100% complete exterior, shell and mechanical systems)
Rate-Lock Term	Up to 12 months	Up to 18 months
Good Faith Deposit	3%	3% up to 12 months; 4% if more than 12 months
Closing/Origination	<ul style="list-style-type: none"> • Close at 90% occupancy for 90 days • 100% certificates of occupancy issued 	<ul style="list-style-type: none"> • Close at rent level and occupancy calculation equivalent to the minimum amortizing DCR (calculation determined by Freddie Mac prior to rate-lock and set in the ERL Application) • Occupancy cannot be below 65% • Requires a certificate of substantial completion and no less than 85% of certificates of occupancy issued. If less than 100% certificates of occupancy, then completion guaranty also required
Loan Enhancement at Closing	Enhancement based on loan amount differential (the shortfall in annualized NOI between the underwritten stabilized level and the lower actual level at origination, divided by the cap rate, multiplied by the LTV)	Enhancement based on NOI gap (based on 3x shortfall in annualized NOI between the underwritten stabilized level and the lower actual level at origination if letter of credit, or 6x shortfall if guarantee)

Fixed-Rate and Adjustable-Rate Mortgage (ARM) Sizing Grids

Standard & Premier Lease-Up (Fixed-Rate)

Term	Final ARM Loan-to-Value	At Closing			As Stabilized				
		Sizing Requirements: Amortizing Minimum DCR	Sizing Requirements: Partial IO Minimum DCR (Amortizing) ¹	Sizing Requirement: Min. IO DCR	IO Available for Loan Term?	Maximum IO Period for Loan Term	Minimum Amortizing DCR	Minimum DCR for Partial IO (Amortizing)	Minimum IO DCR for Full Term IO
5-year	> 65% to ≤ 70%	1.15x	NA	NA	N	NA	1.30x	NA	NA
	> 60% to ≤ 65%	1.15x	NA	NA	N	NA	1.30x	NA	NA
	≤ 60%	1.15x	1.15x	1.45x	Y	5-year	1.30x	1.30x	1.65x
7-year	≥ 70% to 75%	1.10x	1.10x	NA	Partial ¹	2-year	1.25x	1.25x	NA
	> 65% to <70%	1.10x	1.10x	NA	Partial ¹	2-year	1.25x	1.25x	NA
	≤ 65%	1.10x	1.10x	1.40x	Y	7-year	1.25x	1.25x	1.60x
10-Year	≥ 75% to 80%	1.10x	1.10x	NA	Partial ¹	2-year	1.25x	1.25x	NA
	≥ 70% to <75%	1.10x	1.10x	NA	Partial ¹	2-year	1.25x	1.25x	NA
	> 65% to <70%	1.10x	1.10x	NA	Partial ¹	2-year	1.25x	1.25x	NA
	≤ 65%	1.10x	1.10x	1.40x	Y	10-year	1.25x	1.25x	1.60x

Standard & Premier Lease-Up (Adjustable-Rate)

Term	Final ARM Loan-to-Value	At Closing			As Stabilized				
		Sizing Requirements: Amortizing Minimum DCR ²	Sizing Requirements: Partial IO Minimum DCR (Amortizing) ¹	Sizing Requirement at Max Rate: Min. IO DCR	IO Available for Loan Term?	Maximum IO Period for Loan Term	Minimum Amortizing DCR ²	Minimum DCR for Partial IO ² (pass refi)	Minimum IO DCR for Full Term IO ²
5-year	> 65% to ≤ 70%	0.95x	NA	NA	N	NA	1.05x	NA	NA
	> 60% to ≤ 65%	0.95x	NA	NA	N	NA	1.05x	NA	NA
	≤ 60%	0.95x	0.95x	1.25x	Y	5-year	1.05x	1.05x	1.30x
7-year	≥ 70% to 75%	0.90x	0.90x	NA	Partial ¹	2-year	1.05x	1.05x	NA
	> 65% to <70%	0.90x	0.90x	NA	Partial ¹	2-year	1.05x	1.05x	NA
	≤ 65%	0.90x	0.90x	1.20x	Y	7-year	1.05x	1.05x	1.30x
10-Year	≥ 75% to 80%	0.90x	0.90x	NA	Partial ¹	2-year	1.05x	1.05x	NA
	≥ 70% to <75%	0.90x	0.90x	NA	Partial ¹	2-year	1.05x	1.05x	NA
	> 65% to <70%	0.90x	0.90x	NA	Partial ¹	2-year	1.05x	1.05x	NA
	≤ 65%	0.90x	0.90x	1.20x	Y	10-year	1.05x	1.05x	1.30x

¹ Must pass exit strategy

² At max note rate