LMD
CAPITAL PARTNERS

FREDDIE MAC

Freddie Mac Lease-Up Loan

Permanent financing placed on a newly constructed property still in lease-up, sized to as-stabilized value and supported by a credit enhancement that is released once the property hits its coverage test.

Indicative Terms

LOAN TYPES	Fixed- and floating-rate, with interest-only available during the lease-up period.
LTV AND DSCR	75% LTV on an as-stabilized basis, with a 1.25x to 1.35x DSCR depending on the market.
MINIMUM CASH EQUITY	15% on refinances and 25% on acquisitions.
MILESTONES AT RATE LOCK	50% occupied, 60% leased, and certificates of occupancy issued on 60% or more of the property.
CLOSING REQUIREMENTS	1.05x DSCR on a refinance and 1.00x on an acquisition, with 100% of certificates of occupancy issued.
CREDIT ENHANCEMENT	A minimum of 5% of the unpaid principal balance, or 10% where a guaranty format is used. Released once the required amortizing coverage ratio is achieved on a three-month average basis and Freddie Mac's other conditions are met. Where coverage targets are not met within 12 months, the enhancement funds are applied to resize and recast the loan.
CLOSING DEBT SERVICE ESCROW	An additional three months of debt service may be escrowed based on the property's actual operations.
APPRAISAL	Must provide both as-is and as-stabilized valuations.
BORROW-UP OPTION	A supplemental mortgage of at least $1,000,000 is permitted within 24 months, priced at first mortgage rates and coterminous with the original financing.
APPLICATION FEE	Quoted per transaction.
ORIGINATION FEE	Quoted per transaction.
LEGAL FEES	Quoted per transaction.

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Eligible Properties & Sponsors

Sponsors must have new construction and lease-up experience, strong financial capacity and real estate management expertise, and a good performance and credit history. Targeted affordable executions additionally require a background in LIHTC, tax-exempt bonds, Section 8 or comparable programs. Properties must be well constructed, in good locations and markets, showing strong lease-up trends, with stabilization expected within 12 months of funding. Student housing, seniors housing and manufactured housing communities are excluded.

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