**Ground Lease Analysis**

(Revised 4-22-2025)

**Prepared by: [ATTORNEY NAME]**

**Law Firm:**

**Phone and E-Mail:**

**Seller/Servicer:**

**Date Completed/Updated:**

*This Ground Lease Analysis (“Analysis”) is submitted to Freddie Mac on behalf of the Seller/Servicer in conformity with the requirements of the Freddie Mac Multifamily Seller/Servicer Guide (“Guide”). All capitalized terms not defined in this Analysis have the meanings given to them in the Guide.*

*This Analysis must be uploaded, together with the applicable Ground Lease (including all amendments, schedules and exhibits), to DMS as a Legal Issues Analysis (LIA) titled “Ground Lease Analysis”.*

*The attorney completing this Analysis (“Completing Attorney”) acknowledges that Freddie Mac will be using the information in this Analysis for purposes of its securitization disclosure without any further review to verify its accuracy.  The Completing Attorney represents and warrants that all information provided in this Analysis is true and correct in all material respects and that there are no omissions that would result in any such information being materially incomplete, incorrect, or misleading as of the Origination Date.*

| **LOAN INFORMATION** | |
| --- | --- |
| **Property Name and Address:** |  |
| **Freddie Mac Loan Number (if known):** |  |

| **GROUND LEASE – BASIC INFORMATION** | |
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| **Ground Lessor:** |  |
| **Ground Lessee:** |  |
| **Name and Date of Ground Lease and Any Amendments:** |  |
| **Term and Expiration Date *(see Guide sections 30.2(b) for specific additional requirements)*:** |  |
| **Base Rent (including any rent increases during the Lease term) *(see Guide section 30.2(c) for specific additional requirements)*:** |  |
| **If the Ground Lease is in place for tax benefit purposes (e.g., a tax abatement), would failure to pay rent under the Ground Lease give Ground Lessor remedies? (NOTE: if the Ground Lease is not in place for tax benefit purposes, then check N/A)** | Y  N  N/A  If “Yes” – describe the remedies, including any standstill provisions |
| **Who pays Property Taxes?** | Ground Lessor  Ground Lessee |
| **Will Fee Owner join in the Security Instrument to subordinate its interest?** | Y  N  If “Yes” – Is the Ground Lease an IDA Lease or a Lease/Leaseback (in each case, a lease or lease/leaseback with an Industrial Development Agency or other governmental agency for the purposes of qualifying for a tax abatement)?  Y  N  If the answer to either of these is “No”, describe the relationship between Ground Lessor and Ground Lessee here (including any common ownership) and the rationale for the existence of the Ground Lease. |
| **Is the Ground Lease a Sublease?** | Y  N If “Yes” – Describe lease/sublease structure here and complete a separate Ground Lease Analysis for each lease/sublease |
| **Does the Ground Lessee have an option to purchase the fee estate?** | Y  N If “Yes” – Describe terms of purchase |
| **Does the Ground Lessee own a fee interest in the improvements** **during the term of Ground Lease?** | Y  N The answer should be “Yes”; if the answer is “No”, explain why this is acceptable |
| **Does the Ground Lease include any income, rent or other use and/or occupancy restrictions?** | Y   N  If “Yes” – choose applicable restriction below and describe the restriction:  Income Restrictions: Specifically describe each restriction and the percentage/number and type of units that are subject to each restriction – e.g., “\_\_% (\_\_-1BR, \_\_-2BR, \_\_-3BR) of the units shall be rented to low-income persons with incomes at or below \_\_% of the area median income”  Rent Restrictions: Specifically describe each restriction and the percentage/number and type of units that are subject to each restriction – e.g.,  “\_\_\_% (\_\_-1BR, \_\_-2BR, \_\_-3BR) of the units shall be rent-restricted to [30% or other specified percentage] of \_\_% of the area median income”  Other Use and/or Occupancy Restrictions: Specifically describe each other restriction and the number and type of units that are subject to each restriction  If “Yes” – please provide the termination date for the above restrictions contained in the Ground Lease, if different than the Expiration Date of the Ground Lease provided above:  N/A    Termination Date: \_\_/\_\_/\_\_\_\_ |

| **GROUND LEASE – DETAILED ANALYSIS** | | | | |
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| ***Each item below must indicate whether or not it is compliant and the applicable Ground Lease section(s). Requirements described below summarize Guide sections – refer to the Guide for complete description of requirements. ONLY if an item is NOT compliant is an explanation, analysis and recommendation required.*** | | | | |
| **Requirement** | **Applicable Guide Section(s)** | **Compliant with Guide Section(s)?** | **Applicable Lease Section(s)** | **If NOT Compliant, Provide Detailed Explanation, Analysis and Recommendation [See Guide Section 30.2(d)]**  *(Use boldface for responses; do not use italics)* |
| **1. REQUIREMENTS FOR ALL GROUND LEASES** |  |  |  |  |
| 1.1. Ground Lease cannot terminate in the event of damage or destruction unless Mortgage has been paid in full | 30.3(a)(1) |  |  |  |
| 1.2. Ground Lease Mortgagee must have participation rights for adjustment and losses related to hazard insurance proceeds | 30.3(a)(2) |  |  |  |
| 1.3. Hazard insurance proceeds must be paid to either Ground Lease Mortgagee or independent trustee acceptable to Mortgagee (***NOTE: If Ground Lease provides that trustee must satisfy certain qualifications, those qualifications must be explained here***) | 30.3(a)(3) |  |  |  |
| 1.4. Ground Lessor may not receive any hazard insurance proceeds until Mortgaged Property has been fully restored or Mortgage has been paid in full | 30.3(a)(4) |  |  |  |
| 1.5. Ground Lessee’s obligation to rebuild after casualty must be limited to the amount of available insurance proceeds | 30.3(a)(5) |  |  |  |
| 1.6. No one other than Ground Lessee and Ground Lease Mortgagee can have rights regarding restoration of the Mortgaged Property after casualty or the administration and disbursement of hazard insurance proceeds | 30.3(a)(6) |  |  |  |
| 1.7. Insurance proceeds and condemnation awards will be applied in accordance with the loan documents, which includes the application of any such proceeds/award to the Mortgage) | 30.3(a)(7)  30.3(b)(6) |  |  |  |
| 1.8. Ground Lease Mortgagee must have notice and participation rights in any condemnation proceedings | 30.3(b)(1) |  |  |  |
| 1.9. Ground Lease must set forth formula for allocating any partial OR total condemnation award between Ground Lessor, Ground Lessee and Ground Lease Mortgagee | 30.3(b)(2) |  |  |  |
| 1.10. Condemnation awards must be paid to either Ground Lease Mortgagee or independent trustee acceptable to Mortgagee, and payment amounts must be at least the amount of the total award minus the value of the land taken (considered as unimproved but encumbered by the Ground Lease) | 30.3(b)(2) |  |  |  |
| 1.11. Ground Lease must provide that any condemnation awards to which Ground Lessee is entitled will be paid to the Ground Lease Mortgagee (or the independent trustee if a partial taking) | 30.3(b)(3) |  |  |  |
| 1.12. For partial taking, Ground Lease must permit Ground Lessee to rebuild/restore unless Ground Lease Mortgagee consents to or requires distribution of proceeds, in which case proceeds must first be applied toward the Ground Lease Mortgage | 30.3(b)(4) |  |  |  |
| 1.13. No one other than Ground Lessee and Ground Lease Mortgagee can have rights regarding restoration of the Mortgaged Property following condemnation or the administration and disbursement of any condemnation proceeds to which Ground Lessee is entitled | 30.3(b)(5) |  |  |  |
| 1.14. The Ground Lease cannot grant shared appreciation rights or an equity participation in the Property | 30.3(c) |  |  |  |
| **2. REQUIREMENTS FOR UNSUBORDINATED GROUND LEASES *(NOTE: Per Guide Section 30.9, any Ground Lease with a government agency for tax benefit purposes must be analyzed as UNSUBORDINATED if the tax benefit is utilized for underwriting purposes)*** |  |  |  |  |
| 2.1. Borrower is original or recognized lessee | 30.4(a)(1) |  |  |  |
| 2.2. Recorded Lease/Memorandum and any assignments | 30.4(a)(2) |  |  |  |
| 2.3. Current use is a "permitted use" | 30.4(a)(4) |  |  |  |
| 2.4. Lease contains no restrictions on what type of lender, including its successors and assigns, qualifies as "ground lease mortgagee" | 30.4(a)(5) |  |  |  |
| 2.5. Ground Lease mortgagee can exercise any applicable rights to extend the Ground Lease or purchase the Property without joinder of Ground Lessee | 30.4(b)(1) |  |  |  |
| 2.6. Cancellation requires prior written consent of Ground Lease mortgagee | 30.4(b)(2) |  |  |  |
| 2.7. Ground Lessee has express permission to mortgage its interest under the Ground Lease without limitation | 30.4(c)(1) |  |  |  |
| 2.8. Ground Lessee has permission to sublet, subject only to objective criteria of prudent commercial lender | 30.4(c)(2) |  |  |  |
| 2.9. Ground Lessor must grant non-disturbance and attornment agreements to commercial tenants under reasonable, objective standards | 30.4(c)(3) |  |  |  |
| 2.10. Ground Lessor must give written notice to Ground Lease mortgagee prior to exercising any remedies after default and must forward to Ground Lease mortgagee all other notices sent to Ground Lessee except rent/periodic billing notices | 30.4(d)(1) |  |  |  |
| 2.11. Ground Lessor is obligated to deliver estoppel certificates to Ground Lease mortgagee | 30.4(d)(2) |  |  |  |
| 2.12. Ground Lessee is prohibited from materially modifying or restating the Ground Lease w/o prior written consent of Ground Lease mortgagee | 30.4(d)(3) |  |  |  |
| 2.13. Ground Lease mortgagee has right to cure and minimum required additional notice and cure periods | 30.4(d)(4) |  |  |  |
| 2.14. Mortgagee has protection for defaults that cannot be cured by mortgagee, including specifically non-monetary defaults and bankruptcy-related issues | 30.4(d)(4) |  |  |  |
| 2.15. Ground Lease mortgagee has unrestricted foreclosure and assignment rights | 30.4(d)(5) |  |  |  |
| 2.16. If Ground Lease terminates for any reason, Ground Lessor is obligated to enter a new lease with the Ground Lease mortgagee or nominee on same terms and conditions as existing Ground Lease and with same title priority | 30.4(d)(6) |  |  |  |
| 2.17. Ground Lease (or estoppel certificate) confirms that personal liability of any Ground Lease mortgagee is limited to value of interest in the Ground Lease | 30.4(d)(7) |  |  |  |
| 2.18. Ground Lease mortgagee and its assigns are automatically released from liability to Ground Lessor after assignment | 30.4(d)(8) |  |  |  |
| 2.19. Ground Lease (or estoppel certificate) confirms that the leasehold interest will not merge with fee title if they fall under common ownership | 30.4(d)(9) |  |  |  |
| 2.20. Any existing mortgage on the fee estate is subordinated to Borrower's leasehold estate, subleases and any new ground lease given to Ground Lease mortgagee after termination of the Ground Lease | 30.4(e)(1) |  |  |  |
| 2.21. Ground Lessor is prohibited from mortgaging fee estate without express subordination to the interests of Ground Lessee and any Ground Lease mortgagee, as well as any subleases and any new ground lease given to Ground Lease mortgagee after termination of the Ground Lease | 30.4(e)(2) |  |  |  |
| 2.22. Ground Lease mortgagee has adequate additional security or other assurance to mitigate legal risks inherent in sublease structure | 30.4(f) |  |  |  |