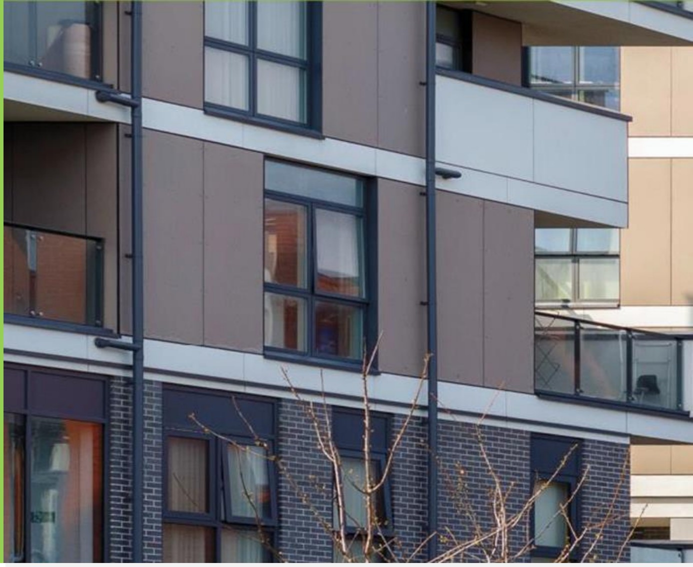
▶ Targeted Affordable

Optigo® Non-LIHTC Forwards



Creating Affordable and Workforce Housing

Freddie Mac's Non-LIHTC Forward financing helps preserve and create affordable housing stock through flexible transaction structuring and certainty of execution at lower costs to the borrower.

Borrowers get the financing they need for affordable multifamily properties funded by public or mission-driven financial investment — whether it's for new construction or major rehabilitation.

The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo network of lenders to tackle complicated transactions, provide certainty of execution and fund quickly.

Contact your Freddie Mac Multifamily representative today — we're here to help.

Borrowers Who Want to Know More

Contact one of our Optigo lenders at mf.freddiemac.com/borrowers/.

Product Snapshot

- Hedge interest rate risk
- Get competitive pricing for a unique execution
- Use multiple types of subsidies
- Lend on properties with affordable rent levels and broader income bands than LIHTC
- For nonprofits or for-profits
- Up to 80% leverage for eligible properties

Green Advantage®

Our Freddie Mac Multifamily Green Advantage initiative rewards borrowers who improve their properties to save energy or water.

Product Description	Unfunded forward commitments for affordable and workforce housing developed without LIHTC
Eligible Property Types	To-be-built or substantially rehabilitated garden, mid-rise, high-rise or build-to-rent communities.

Financial Investment, Borrower and Affordability Requirements	For-Profit Borrowers
	
	Public/Mission-Driven Financial Investment
	
	In cases where there is a for-profit sponsor receiving public support subject to rent and income restrictions, to be eligible, at least 10% of units must be subject to restrictions consistent with local parameters at FHFA-defined mission-driven levels. The remaining units in the property may be rented at market rate.
	• Sources of Public/Mission-Driven Financial Investment could include:
	  • Subordinate debt from a government affiliated lender — soft or hard debt
	  • Real estate tax abatements or Payment in Lieu of Taxes (PILOT) programs
	  • Low payment, long-term ground lease agreements
	  • Mission-driven nonprofit entity(ies) providing equity
	• Affordability requirements:
	  • 10% of the units must have rent and income restrictions for the term of the mortgage at or below designations in the FHFA Scorecard (Appendix A).
	    • Standard Markets – Max 80% area median income (AMI)
	    • Cost-Burdened markets – Max 100% AMI
	    • Very Cost-Burdened Markets – Max 120% AMI
	  • 90% of the units at the property may be at market rents based on the subject location.
	
	Private Market Middle-Income Investment
	
	In cases where there is a for-profit sponsor and no public support, in order to be eligible, sponsors must agree to restrict through the Freddie Mac loan agreement at least 20% of units to FHFA mission-driven levels for the life
	of the loan.
	• Affordability requirements:
	  • 20% of the units must have rent restrictions for the term of the mortgage at or below designations in the FHFA Scorecard (Appendix A).
	    • Standard Markets – Max 80% AMI
	    • Cost-Burdened markets – Max 100% AMI
	    • Very Cost-Burdened Markets – Max 120% AMI
	• 80% of the units at the property may be at market rents based on the subject location.

Financial Investment, Borrower and Affordability Requirements (cont.)	Nonprofit Borrowers The sponsor must be a nonprofit entity that has a purpose and mission of owning, developing, operating, preserving, managing or otherwise promoting affordable multifamily housing. Qualified nonprofit borrowers do not require public support or explicit rent restrictions to be eligible for the non-LIHTC forward product. The general partner, co-general partner or managing member of the borrower must be a nonprofit. Being the general partner, co-general partner or managing member of the borrower for the purposes of qualifying for a real estate tax abatement is not sufficient.
Terms	• Fixed Rate – Up to 30 years • Floating Rate – Up to 10 years
Type of Funding	Forward commitment to provide permanent financing upon successful conversion from construction phase to permanent phase (unfunded forward)
Minimum Debt Coverage Ratio (DCR)	1.25x
Maximum Loan-to-Value (LTV) Ratio	80%
Maximum Forward Commitment Term	Up to 36 months
Maximum Amortization	Up to 35 years, depending on the market. Please contact your Relationship Manager to discuss.
Prepayment Provisions	Defeasance or yield maintenance
Subordinate Financing	Permitted
Tax and Insurance Escrows	Required
Fees	Application fee, commitment fee, standby fee, make-whole provision (including breakage)

For More Information

Contact your Targeted Affordable Housing representative.