

Targeted Affordable Housing Bridge Loan



Bridge Loan for LIHTC and Non-LIHTC Affordable Properties

A TAH Bridge Loan provides efficient, short-term financing (a taxable acquisition bridge loan) to help borrowers acquire or refinance Low-Income Housing Tax Credit (LIHTC) and non-LIHTC eligible properties.

The funding is a much-needed bridge that positions properties for recapitalization using 4% LIHTCs or public subsidy and long-term Freddie Mac financing, such as our [Tax-Exempt Loans](#) (TEL) or [Preservation Rehabilitation](#) products.

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/.



Can't see the video? [Click here to watch.](#)

Product Snapshot

- Supports the preservation of affordable housing
- 24-month loan (with one 6-month extension with approval)
- Interest only
- Floating rate
- We support eligible mixed-use properties

Green Advantage®

Our Freddie Mac Multifamily [Green Advantage](#) initiative rewards borrowers who improve their properties to save energy or water.

	Bridge Loan	Bridge to Syndication	Non-LIHTC Bridge
Eligible Borrowers	Developers/owners with financial capacity who have successfully completed multiple syndications or resyndications using 4% LIHTC and tax-exempt debt		Developers/owners with financial capacity who have successfully developed multiple property rehabilitations with rent/income restricted or Naturally Occurring Affordable Housing (NOAH) properties
Eligible Property Types	<ul style="list-style-type: none"> LIHTC properties at or nearing the end of their compliance period with LIHTC rents or properties with plans to obtain tax credits to complete rehab. Construction must be sound but will often require moderate repair; the only construction completed during the term of the loan would be any required life-safety repairs and material deferred maintenance. Must include evidence that a public agency with authority to issue Volume Cap Mortgage Revenue Bonds has sufficient tax-exempt bond (or loan) availability to meet the allocation needs of the anticipated LIHTC syndication or resyndication and has a highly predictable process for that allocation. A rider to the loan agreement (see below) will include specific performance benchmarks necessary to achieve the syndication or resyndication along with interim dates by which they will be achieved; examples would include final plans and specifications for rehabilitation, bond inducement resolution and commitment from the LIHTC investor 		<ul style="list-style-type: none"> Construction must be sound but will often require moderate repair; the only construction completed during the term of the loan would be any required life-safety repairs and material deferred maintenance. Properties with non-LIHTC financing sources or properties that meet the requirements of the Freddie Mac Preservation. <p><u>Non-LIHTC Financing Sources Could Include</u></p> <ul style="list-style-type: none"> 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 <p><u>Affordability Requirement for Properties with Non-LIHTC Financing Sources</u></p> <ul style="list-style-type: none"> 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). <ul style="list-style-type: none"> 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 <p><u>Affordability Requirement for Properties with Freddie Mac Preservation (self-restrictions via loan agreement)</u></p> <ul style="list-style-type: none"> 20% of the units must have rent restrictions for the term of the mortgage at or below designations in the FHFA Scorecard (Appendix A). <ul style="list-style-type: none"> Standard Markets – Max 80% AMI Cost-Burdened markets – Max 100% AMI Very Cost-Burdened Markets – Max 120% AMI

► Targeted Affordable: TAH Bridge Loan

			<ul style="list-style-type: none"> 80% of the units at the property may be at market rents based on the subject location
Product Description	<ul style="list-style-type: none"> 24-month loan with one 6-month extension, with approval (see "Extension" below) Interest-only, floating-rate loan <p>Standby Fee applicable when used in conjunction with a TEL forward</p>		<ul style="list-style-type: none"> 24-month loan with one 6-month extension, with approval (see "Extension" below) Interest-only, floating-rate loan Standby Fee applicable when used in conjunction with a Non-LIHTC Forward
Minimum Debt Coverage Ratio (DCR)	1.15x		<ul style="list-style-type: none"> 1.25x 1.20x* <p>*Requires passing cash flow exit analysis</p>
Maximum Loan-to-Value (LTV) Ratio	<ul style="list-style-type: none"> 85% Cash equity requirement: 15% if owned less than 3 years 		<ul style="list-style-type: none"> 80% Cash equity Requirement: 15% if owned less than 3 years
Minimum Occupancy	Determined at funding using the comparable fixed rate to achieve a 1.0x DCR		
Rider to Loan Agreement	<ul style="list-style-type: none"> Provides specific performance benchmarks and dates by which they must be achieved. Performance benchmarks are based on requirements necessary to close the LIHTC syndication or resyndication; including: <ul style="list-style-type: none"> Bond inducement resolution 4% tax credit allocation Final plans, specifications, and budget for rehabilitation – LIHTC investor commitment Commitments for all other sources necessary to close the LIHTC resyndication <p><i>Additional deal specific benchmarks may be required</i></p>		<ul style="list-style-type: none"> Rider required for deals with Freddie Mac Preservation restrictions. Performance benchmarks will be required to ensure rehab and financing sources will be available for rehab; including: <ul style="list-style-type: none"> Draft commitments from anticipated non-LIHTC financing sources Preliminary plans, specifications and budget for rehabilitation. Final commitments from all non-LIHTC sources at least 60 days prior to the loan maturity date. <p><i>Additional deal specific benchmarks may be required</i></p>
Extension	Freddie Mac approval required and will be based on progress toward LIHTC syndication or resyndication 0.5% fee required		Freddie Mac approval required 0.5% fee required
Asset Management	Quarterly reporting: Borrower will provide quarterly updates on progress toward LIHTC syndication or resyndication, such as bond inducement resolution, LIHTC investor commitment, completion of plans and specifications, and general contractor bids for construction.		Quarterly reporting: Borrower will provide quarterly updates on progress to perm financing. Monitoring and annual certification review required for deals with Freddie Mac Preservation restrictions.
Breakage Fee	2%	3%	3%

Exit Fee	2%; waived if refinanced by a Freddie Mac securitizable loan Eligible Freddie Mac permanent loan products include: Immediate TEL, Forward TEL	3%; waived if refinanced by a Freddie Mac securitizable loan Eligible Freddie Mac permanent loan products include: Immediate TEL, Forward TEL	3%; waived if refinanced by a Freddie Mac securitizable loan Eligible Freddie Mac permanent loan products include: Preservation Rehab, Non-LIHTC Forwards
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For More Information

Contact your Targeted Affordable Housing representative.