

# Optigo® Tenant Advancement Commitment



## Double Bottom Line Financing

Our Tenant Advancement Commitments are ideal for borrowers who want to provide a private sector approach to solve the rent affordability crisis in our nation and provide residential services to their tenants. Borrowers make a positive impact in their communities by preserving rents at conventional properties through voluntary restrictions for the life of the loan. The rental restrictions on set-aside units should be affordable to middle-income residents at 60%-80% of Area Median Income.

Freddie Mac is here to support your mission by creating a unique structure to meet your needs over a one-year period and pre-negotiate favorable pricing and terms in exchange for keeping a portion of the units affordable at the properties.

The borrower will enter into a Master Financing Commitment with Freddie Mac to pre-negotiate terms for the loans originated under the commitment, resulting in a flexible, reliable and fast financing strategy.

## The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo 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/](https://mf.freddiemac.com/borrowers/).

## Product Snapshot

- Borrower-led rent preservation to provide attainable housing for middle-income residents
- Percentage of set-aside units and rent affordability level may vary by market
- In naturally affordable markets/submarkets, borrower-provided resident social services may also be required
- Preset credit box that reflects the affordable nature of the units
- Attractive loan pricing – receive full mission pricing benefits
- Straightforward annual monitoring of rents ensures continued affordability
- Restrictions apply to the unit rental rates and not the tenant incomes

## Green Advantage®

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

Product Description	<ul style="list-style-type: none"> <li>Tenant Advancement Commitments offer favorable pricing and credit terms for Borrowers who agree to create or preserve affordable rent levels on a portion of units at a property over the term of the loan</li> <li>Borrowers will be evaluated for a Master Financing Commitment based on the Sponsor's percentage and level of set-aside unit affordability</li> <li>For naturally affordable markets/submarkets, Borrower-provided resident social services may also be required. Services may include after school tutoring, ESL classes, career counseling, access to health services, etc.</li> </ul>
Commitment Size	Minimum aggregate Commitment of \$100 million for loans originated during the commitment term
Commitment Term	12 months
Loan Terms	<ul style="list-style-type: none"> <li>Fixed- and floating-rate loans</li> <li>7-year minimum loan term</li> <li>Attractive proceeds sizing and interest-only may be available</li> <li>Loans will receive full mission pricing benefits</li> <li>Loans originated under the commitment are not cross-collateralized or cross- defaulted</li> </ul>
Assets	<ul style="list-style-type: none"> <li>Assets do not need to be identified when the Commitment is originated</li> <li>Each asset will be fully underwritten before adding to the Commitment; spread and availability of credit terms will be confirmed for each loan</li> </ul>
PARC Requirements	<ul style="list-style-type: none"> <li>Through the Preservation of Affordable Rent Covenant (PARC), Borrowers agree to limit rents on a portion of units in the property (Minimum Set-Aside Units) to 60%- 80% AMI affordability levels</li> <li>Rent affordability is calculated as annual rental rates that are no more than 30% of 60% AMI to 80% AMI or below, with adjustment for unit size. <i>The restrictions apply to the unit rental rates and not the tenant incomes</i></li> <li>Affordability of rents will be tested on an annual basis</li> <li>Borrower must be in compliance with affordability requirements as of the first anniversary of the loan origination date</li> <li>If a property is not in compliance with the affordability requirements, a noncompliance fee will remain in effect for a minimum of 6 months and until the property has re-achieved compliance</li> </ul>

## For More Information

Contact your Tenant Advancement Commitment representative:

- David Quadt, Associate Director – (703) 714-3533 or [david\\_quadt@freddiemac.com](mailto:david_quadt@freddiemac.com)
- Doug Smith, Manager – (703) 714-3627 or [douglas\\_smith@freddiemac.com](mailto:douglas_smith@freddiemac.com)
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