FREDDIE MAC OPTIGO®

Non-LIHTC Forwards

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.

CREATING AFFORDABLE AND WORKFORCE HOUSING

PRODUCT DESCRIPTION	Unfunded forward commitments for affordable housing developed by nonprofits and subsidized, affordable housing developed by for-profit developers for new multifamily construction or substantial rehabilitation.
ELIGIBLE PROPERTY TYPES	To-be-built or substantially rehabilitated garden, mid-rise, or high-rise multifamily property with public or mission-driven financial investment.
FINANCIAL INVESTMENT AND AFFORDABILITY REQUIREMENTS	**For-Profit Borrowers** Public/Mission-Driven Financial Investment must be quantified as at least 10% of the first mortgage UPB. The subsidy must be for the minimum term of the mortgage. 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 PILOT (payment in lieu of taxes) programs. • Low payment long-term ground lease agreements. • Mission-driven nonprofit entity(ies) providing equity. The PV (present value) of the real estate tax abatement or PILOT or ground lease payment are calculated with a PV rate equal to the fixed-rate mortgage coupon plus 100 bps. Affordability requirements: • 10% of the units must have rent and income restrictions for the term of the mortgage at or below the following thresholds based on FHFA market designations: - Standard Markets – at or below 80% of AMI. - Cost Burdened Markets – at or below 100% of AMI. - Very Cost Burdened Markets – at 120% of AMI. • Up to 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 and income restrictions for the term of the mortgage at or below designations in the FHFA Scorecard. - 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. **Nonprofit Borrowers** The sponsor must be a 501(c)(3) whose primary purpose and tax-exempt status depends on the public purpose of providing affordable housing. The general partner or managing member of the borrower must be a nonprofit. Being the co-general partner 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%.
CONSTRUCTION LOAN TERM	36 months maximum.
MAXIMUM AMORTIZATION	30 years.
PREPAYMENT PROVISIONS	Yield Maintenance.
SUBORDINATE FINANCING	Permitted.
TAX AND INSURANCE ESCROWS	Required.
FEES	Application Fee, Commitment Fee, Credit Facility Fee, Delivery Assurance Fee, other fees, as applicable.