

FREDDIE MAC OPTIGO®

Tax-Exempt Loan

Our Tax-Exempt Loans (TELs) help borrowers save time and money when they buy or refinance affordable multifamily properties financed with tax-exempt debt.

Our streamlined TEL process means fewer documents, fewer participants and less expense than traditional bond credit enhancements.

We offer fixed- and variable-rate financing and forwards. Check out our new float-to-fixed option to increase your cash flow.

COST-EFFECTIVE TAX-EXEMPT FINANCING

PRODUCT DESCRIPTION	Financing for the acquisition or refinance of stabilized affordable multifamily properties with 4% Low-Income Housing Tax Credits (LIHTC) with at least 7 years remaining in the LIHTC compliance period.	
	FIXED-RATE	VARIABLE-RATE
ELIGIBLE PROPERTY TYPES	Garden, mid-rise, or high-rise multifamily properties with 4% LIHTC with 90% occupancy for 90 days.	
TERMS	Up to 30 years.	Up to 10 years.
TYPE OF FUNDING	Immediate fixed-rate financing; forward fixed-rate financing.	Immediate variable-rate financing; forward variable-rate financing.
MINIMUM DEBT COVERAGE RATIO ¹ (DCR)	1.15x ² .	1.20x; with interest rate hedge.
COLLATERAL	First-lien mortgages of conventional, seniors housing, or student housing properties.	
MAXIMUM LOAN-TO-VALUE (LTV) RATIO ¹	85% of adjusted value or 90% of market value ² .	80% of adjusted value or 85% of market value ² ; with interest rate hedge.
CONSTRUCTION LOAN TERM	Up to 36 months.	
MAXIMUM AMORTIZATION	Up to 35 years.	
SUBORDINATE FINANCING	Permitted; supplemental loans are not available.	
TAX AND INSURANCE ESCROWS	Required.	
FEES	Application fee, commitment fee, plus other fees as applicable.	
PRICING	Transactions will be priced at a spread to 10-year Treasuries.	Transactions will be priced at a spread to 30-day SOFR.
SECURITIZATION	Yes, using our M Deals.	
YIELD MAINTENANCE	Minimum 10 years' prepayment protection.	

¹ May include bond refunding, substitution or new issue transactions with 80-20 bonds, combination bonds, Section 8, Section 236, tax abatements and LIHTC.

² Adjustments may be made depending on the property, product and/or market.