

FREDDIE MAC OPTIGO®

Bond Credit Enhancement with 4% LIHTC

Freddie Mac's Bond Credit Enhancement program with 4 percent Low-Income Housing Tax Credits (LIHTC) provides for the preservation of the affordable housing stock with flexibility in transaction structuring and certainty of execution at a lower cost to the borrower.

Get the financing borrowers need for affordable multifamily properties funded by the sale of fixed- or variable-rate tax-exempt bonds that have received LIHTC—whether it's for new construction, a moderate or major rehabilitation, or the acquisition or refinancing of stabilized properties.

FUNDS PROVIDED BY TAX-EXEMPT BOND PROCEEDS

| | FORWARD COMMITMENT | IMMEDIATE FUNDING | PRESERVATION REHABILITATION |
|--|--|--|--|
| ELIGIBLE PROPERTY TYPES | To-be-built or substantially rehabilitated garden, mid-rise, or high-rise multifamily properties with 4% LIHTC. | Garden, mid-rise, or high-rise multifamily properties with 4% LIHTC that maintain 90% occupancy for 90 days. | Garden, mid-rise, or high-rise multifamily properties with 4% LIHTC undergoing moderate rehabilitation with tenants in place. |
| TERMS | Minimum term: Remaining LIHTC compliance period or 15 years, whichever is less. Maximum term: 35 years. | Minimum term: Remaining LIHTC compliance period or 15 years, whichever is less. Maximum term: 35 years. | Minimum term: Remaining LIHTC compliance period or 15 years, whichever is less. Maximum term: 35 years. Rehabilitation/stabilization period (at a maximum of 24 months) will be included in loan term. |
| PRODUCT DESCRIPTION | Bond credit enhancement for new construction or substantial rehabilitation of affordable multifamily properties with 4% LIHTC. | Bond credit enhancement for the acquisition or refinance of stabilized affordable multifamily properties with 4% LIHTC with at least 7 years remaining in the LIHTC compliance period. | Bond credit enhancement provided for the moderate rehabilitation of affordable multifamily properties with new 4% LIHTC and tenants in place. |
| TYPE OF FUNDING | Bond credit enhancement available during construction phase (funded forward); letter of credit collateral required during construction phase; bond credit enhancement during permanent phase following successful conversion. Forward commitment to provide bond credit enhancement upon successful conversion from construction phase to permanent phase (unfunded forward). | Bond credit enhancement for fixed- or variable-rate tax-exempt bonds. | Bond credit enhancement for acquisition/rehabilitation based on projected post-rehab net operating income (NOI); cash or letter of credit collateral required to fund gap between supportable debt on current NOI and bond mortgage loan amount (collateral held until stabilization); interest only available during the rehabilitation/stabilization period. |
| MINIMUM DEBT COVERAGE RATIO¹ (DCR) | <ul style="list-style-type: none"> Variable-rate with cap hedge: 1.20x. Fixed-rate: 1.15x. | <ul style="list-style-type: none"> Variable-rate with cap hedge: 1.20x. Fixed-rate: 1.15x. | <ul style="list-style-type: none"> Variable-rate with cap hedge: 1.20x. Fixed-rate: 1.15x. |

In its prequalifying review, Lument will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.

Lument is a subsidiary of ORIX Corporation USA. Securities, Investment Banking and Advisory Services provided through Lument Securities, LLC, Member FINRA/SIPC. Investment advisory services are provided by Lument Investment Management, LLC, registered as an investment adviser with the U.S. Securities and Exchange Commission.

| | FORWARD COMMITMENT | IMMEDIATE FUNDING | PRESERVATION REHABILITATION |
|--|--|--|--|
| MAXIMUM LOAN-TO-VALUE (LTV)² | <ul style="list-style-type: none"> Variable-rate with cap hedge: 80% of adjusted value or 85% of market value. Fixed-rate: 85% of adjusted value or 90% of market value. | <ul style="list-style-type: none"> Variable-rate with cap hedge: 80% of adjusted value or 85% of market value. Fixed-rate: 85% of adjusted value or 90% of market value. | <ul style="list-style-type: none"> Variable-rate with cap hedge: 80% of adjusted value or 85% of market value. Fixed-rate: 85% of adjusted value or 90% of market value. |
| CONSTRUCTION LOAN TERM | Maximum forward commitment term: 36 months plus a free 6-month extension during construction period. | N/A. | N/A. |
| MAXIMUM AMORTIZATION | 35 years. | 35 years. | 35 years. |
| PREPAYMENT PROVISIONS | Fee maintenance. | Fee maintenance. | Fee maintenance. |
| SUBORDINATE FINANCING | Permitted. | Permitted. | Permitted. |
| TAX AND INSURANCE ESCROWS | Required. | Required. | Required. |
| FEES | Application fee, commitment fee, credit facility fee, plus other fees as applicable. | Application fee, commitment fee, credit facility fee, plus other fees as applicable. | Application fee, commitment fee, credit facility fee, plus other fees as applicable. |

¹May include bond refunding, substitution, or new issue transactions with 80-20 bonds, taxable bonds in combination with tax-exempt bonds, 501(c)(3) bonds, Section 8, Section 236, tax abatements and LIHTC.

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