

FREDDIE MAC OPTIGO®

Flexible Tax-Exempt Loan (Float-to-Fixed)

Flex TEL has made our Tax-Exempt Loan a whole lot more flexible to meet the needs of borrowers.

A floating-rate loan — for up to three years before converting to fixed — provides lower debt service payments and the flexibility to meet unforeseen expenses that often crop up when you renovate. We increase a borrower's cash flow, without changing the size of the loan.

OUR TAX-EXEMPT LOAN JUST GOT MORE FLEXIBLE

ELIGIBLE BORROWERS

Well-qualified Targeted Affordable Housing approved Borrowers.

HOW IT WORKS

- Floating-rate period: up to three years. Interest-only, locked-out/no prepayments. No supplemental loans during floating-rate period.
- Floating-rate loan is hedged with a third-party cap.
- After the rehab period, the interest rate on the tax-exempt loan would convert to a fixed-rate for the remaining term of the loan (maximum total loan term up to 18 years), at which point the loan would begin to amortize.
- A 10-year prepayment lock-out period begins when the TEL converts to the fixed-rate.
- The TEL would be sized based on the fixed-rate, using the existing TEL credit parameters, and the floating-rate period would not create additional loan proceeds.
- Refinance Test based on the fixed-rate.

DELIVERY OPTIONS

Standard delivery only; no early rate-locks or spread locks.
