

Bond Credit Enhancement with Other Affordability Components



Credit Enhancements from Tax-Exempt Bonds

Our Bond Credit Enhancement program provides for the preservation of the affordable housing stock with flexibility in transaction structuring and certainty of execution.

The program is for fixed- or variable-rate multifamily housing bonds including bond refundings, substitutions, or new issue transactions with 80-20 bonds, taxable bonds in combination with tax-exempt bonds, 501(c)(3) bonds, Section 8, Section 236 or tax abatements.

The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo® network of 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/.

Product Snapshot

- For tax-exempt bonds for refundings, substitutions and acquisitions
- New credit enhancement facility or replacement of an existing one
- We support eligible mixed-use properties

Green Advantage®

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

▶ Targeted Affordable: Bond Credit Enhancement with Other Affordability Components

Eligible Property Types	Garden, mid-rise and high-rise multifamily properties with minimum occupancies of 90% for 90 days
Terms	10 to 30 years
Eligible Transactions	New credit enhancement facility or replacement of existing credit enhancement facility for tax-exempt bonds for refundings, substitutions and acquisitions
Maximum Amortization	30 years
Minimum Debt Coverage Ratio (DCR) ¹	<ul style="list-style-type: none"> • Variable rate with cap hedge: 1.25x • Fixed rate: 1.25x
Maximum Loan-to-Value (LTV) Ratio ¹	<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
Prepayment Provisions	Fee maintenance required
Subordinate Debt	Permitted
Recourse Requirements	Non-recourse except for standard carve-out provisions
Appraisal, Environmental and Engineering Report	Required
Property and Real Estate Tax Escrow	Required
Fees	Application fee, commitment fee, credit facility fee, outside counsel fees, plus other fees as applicable

¹ Adjustments may be made depending on the property, product and/or market.

For More Information

Contact your Targeted Affordable Housing representative.