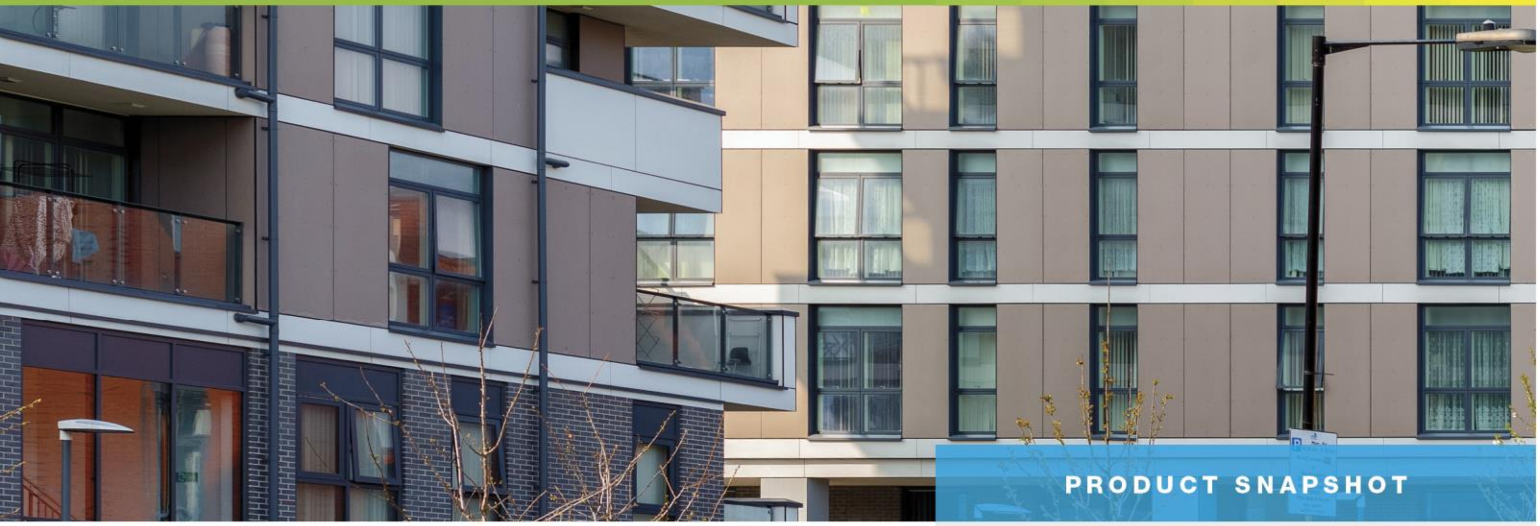

Non-LIHTC Forwards

Creating Affordable and Workforce Housing

Freddie Mac's Non-LIHTC Forwards financing helps create affordable housing stock — and offers 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.

The Freddie Mac Difference

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

mf.freddiemac.com/borrowers/

PRODUCT SNAPSHOT

- Hedge interest rate risk
- Get competitive pricing for a unique execution
- Use multiple types of subsidies
- Lend on properties geared toward Workforce Housing, so broader income bands than LIHTC
- For nonprofits or for-profits
- Up to 80% leverage for eligible properties

Product Description	Unfunded forward commitments for affordable housing developed by nonprofits and subsidized, rent-restricted 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 includes:
	▪ 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
	▪ The PV (present value) of the real estate tax abatement or PILOT or ground lease payment calculation terms include a PV rate equal to the fixed-rate mortgage coupon plus 100 bps
	▪ Mission-driven nonprofit entity(ies) providing equity
	
	Rent or income restrictions must meet the following requirements:
	▪ 10% of the units at the property must have rent restrictions that meet FHFA rules for uncapped volume.
	▪ 80% of the units at the property must have rents at or below the following thresholds based on FHFA market designations:
	  o Standard Markets – at or below 100% of AMI
	  o High-Cost Markets – at or below 125% of AMI
	  o Very High-Cost or Extremely High-Cost Markets 150% of AMI
	▪ 10% of the units at the property may be at market rents based on the subject location.
	
	However, if 50% of the units at the property have rent restrictions that meet FHFA rules for uncapped volume, then the above rent/income restrictions are not applicable. In this event the subsidy requirements remain in place.

Financial Investment and Affordability Requirements (Continued)	**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. All units at the property owned by a nonprofit must be intended for tenants at workforce or affordable levels based on the market designations as defined by FHFA for that county. The general partner or managing member of the Borrower must be a nonprofit. Being the co-general partner for the purposes of qualifying for the CA real estate tax abatement is not sufficient. *The general partner or managing member of the Borrower must be a nonprofit. Being the co-general partner for the purposes of qualifying for the CA 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	Fee maintenance
Subordinate Financing	Permitted
Tax and Insurance Escrows	Required
Fees	Application Fee, Commitment Fee, Credit Facility Fee, Delivery Assurance Fee, other fees, as applicable

January 2019