



## Non-LIHTC Forwards

### Creating Affordable and Workforce Housing

Freddie Mac's Non-LIHTC Forward financing helps preserve and create affordable housing stock through 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 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/](https://mf.freddiemac.com/borrowers/)

- Hedge interest rate risk
- Get competitive pricing for a unique execution
- Use multiple types of subsidies
- Lend on properties with affordable rent levels and broader income bands than LIHTC
- For nonprofits or for-profits
- Up to 80% leverage for eligible properties

Updated December 15, 2020 –  
**Effective for deals rate locking in 2021**

<p><b>Effective for deals rate locking in 2021</b></p> <p><b>Product Description</b></p>	<p>Unfunded forward commitments for affordable housing developed by nonprofits and subsidized, affordable housing developed by for-profit developers for new multifamily construction or substantial rehabilitation.</p>
<p><b>Eligible Property Types</b></p>	<p>To-be-built or substantially rehabilitated garden, mid-rise, or high-rise multifamily property with public or mission-driven financial investment</p>
<p><b>Financial Investment, Borrower and Affordability Requirements</b></p>	<p><b>For-Profit Borrowers</b></p> <p><b>Public/Mission-Driven Financial Investment</b> must be quantified as at least 10% of the first mortgage UPB. The subsidy must be for the minimum term of the mortgage.</p> <p><b>Sources of Public/Mission-Driven Financial Investment</b> could include:</p> <ul style="list-style-type: none"> <li>▪ Subordinate debt from a government affiliated lender – soft or hard debt</li> <li>▪ Real estate tax abatements or PILOT (payment in lieu of taxes) programs</li> <li>▪ Low payment long-term ground lease agreements</li> <li>▪ Mission-driven nonprofit entity(ies) providing equity</li> </ul> <p>The PV (present value) of the real estate tax abatement or PILOT or ground lease payment are calculated with a PV rate equal to the fixed-rate mortgage coupon plus 100 bps.</p> <p><b>Nonprofit Borrowers</b></p> <p>The sponsor must be a 501(c)(3) whose primary purpose and tax-exempt status depends on the public purpose of providing affordable housing.</p> <p>The general partner or managing member of the borrower must be a nonprofit. Being the co-general partner for the purposes of qualifying for a real estate tax abatement is not sufficient.</p> <p><b>Affordability</b> requirements:</p> <ul style="list-style-type: none"> <li>▪ 10% of the units must have rent and income restrictions for the term of the mortgage at or below 80% of AMI</li> <li>▪ An additional 70% of the units at the property must be affordable at or below 80% of AMI, but do not require rent and income restrictions.</li> <li>▪ 20% of the units at the property may be at market rents based on the subject location.</li> </ul>
<p><b>Terms</b></p>	<ul style="list-style-type: none"> <li>▪ Fixed Rate – Up to 30 years</li> <li>▪ Floating Rate – Up to 10 years</li> </ul>

<b>Type of Funding</b>	Forward commitment to provide permanent financing upon successful conversion from construction phase to permanent phase (unfunded forward)
<b>Minimum Debt Coverage Ratio (DCR)</b>	1.25x
<b>Maximum Loan-to-Value (LTV) Ratio</b>	80%
<b>Construction Loan Term</b>	36 months maximum
<b>Maximum Amortization</b>	30 years
<b>Prepayment Provisions</b>	Defeasance or yield maintenance
<b>Subordinate Financing</b>	Permitted
<b>Tax and Insurance Escrows</b>	Required
<b>Fees</b>	Application fee, commitment fee, standby fee, make-whole provision (including breakage)

**For More Information**

**Contact your Targeted Affordable Housing representative.**