

Preservation Rehabilitation Financing



Funds to Renovate Affordable Housing Properties

Is your borrower looking to renovate an affordable multifamily property? We provide financing for the moderate rehabilitation of affordable properties either with Low-Income Housing Tax Credit (LIHTC) or non-LIHTC affordability restrictions.

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.freddie.mac.com/borrowers/.

Product Snapshot

This product can be used with:

- Bond credit enhancements with 4% LIHTC
- Tax-exempt loans with 4% LIHTC
- 9% LIHTC cash loans
- State and local affordable programs
- Freddie Mac preservation
- Rehab funding with tenants in place
- 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: Preservation Rehabilitation Financing

	Tax-Exempt Financing with 4% LIHTC	9% LIHTC Cash Loan	Non-LIHTC Cash Loan
Eligible Borrowers	Borrowers looking to renovate an affordable multifamily property with financing for the moderate rehabilitation of affordable properties with new Low-Income Housing Tax Credits (LIHTCs)	Borrowers looking to renovate an affordable multifamily property with financing for the moderate rehabilitation of affordable properties with new Low-Income Housing Tax Credits (LIHTCs)	Borrowers looking to renovate an affordable multifamily property with financing for the moderate rehabilitation of Non-LIHTC affordable properties that are otherwise restricted by Section 8 HAP or with long term rent restrictions via a state/local program or through Freddie Mac Preservation
Eligible Property Types	Garden, mid-rise, or high-rise multifamily properties with new 4% Low-Income Housing Tax Credit (LIHTC) undergoing moderate rehabilitation with tenants in place	Garden, mid-rise, or high-rise multifamily properties with new 9% LIHTC that are undergoing moderate rehabilitation with tenants in place	Garden, mid-rise, or high-rise multifamily properties undergoing moderate rehabilitation with tenants in place
Terms	<ul style="list-style-type: none"> • Minimum term: Remaining LIHTC compliance period or 15 years, whichever is less; 15 years with HUD Risk Sharing • Maximum term: 35 years • Rehabilitation/stabilization period (maximum of 24 months) will be included in loan term 	<ul style="list-style-type: none"> • Minimum term: Lesser of 15 years or the remaining LIHTC compliance period; 15 years with HUD Risk Sharing • Maximum term: 35 years • Rehabilitation/stabilization period (maximum of 24 months) will be included in loan term 	<ul style="list-style-type: none"> • Minimum term: 5 years • Maximum term: 15 years • Rehabilitation/stabilization period (maximum of 24 months) will be included in loan term
Product Description	Tax-exempt financing for the moderate rehabilitation of affordable multifamily properties with a new 4% LIHTC and tenants in place	Financing for the moderate rehabilitation of affordable multifamily properties with a new 9% LIHTC and tenants in place	Financing for the moderate rehabilitation of Non-LIHTC affordable multifamily properties that have tenants in place
Type of Funding	Tax-exempt financing for acquisition/rehabilitation based on projected post-rehabilitation 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 during the rehabilitation/stabilization period	Financing for acquisition/rehabilitation based on projected post-rehabilitation NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and loan amount (collateral held until stabilization); interest-only during the rehabilitation/stabilization period	Financing for acquisition/rehabilitation based on projected post-rehabilitation NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and loan amount (collateral held until stabilization); interest-only during the rehabilitation/stabilization period
Minimum Debt Coverage Ratio (DCR) ¹	<ul style="list-style-type: none"> • Variable rate with cap hedge: 1.20x • Fixed rate: 1.15x 	New tax credits: 1.15x	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 	90% of market value	80% of market value

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	<ul style="list-style-type: none"> Fixed rate: 85% of adjusted value or 90% of market value 		
Maximum Amortization	35 years	35 years	30 years
Prepayment Provisions	Fee maintenance	Yield maintenance	Yield maintenance
Subordinate Financing	Permitted	Permitted	Permitted
Tax and Insurance Escrows	Required	Required	Required
Fees	Application fee, commitment fee, plus other fees, as applicable	Application fee, commitment fee, plus other fees, as applicable	Application fee, commitment fee, 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.