

Tenant Advancement Commitment



Double Bottom Line Financing

Our Tenant Advancement Commitments are ideal for borrowers who want to provide a private sector approach to solve the rent affordability crisis in our nation and provide residential services to their tenants. Borrowers make a positive impact in their communities by preserving rents at conventional properties through voluntary restrictions for the life of the loan. The rental restrictions on set-aside units should be affordable to middle-income residents at 60%-80% of Area Median Income.

Freddie Mac is here to support your mission by creating a unique structure to meet your needs over a one-year period and pre-negotiate favorable pricing and terms in exchange for keeping a portion of the units affordable at the properties.

The borrower will enter into a Master Financing Commitment with Freddie Mac to pre-negotiate terms for the loans originated under the commitment, resulting in a flexible, reliable and fast financing strategy.

The Freddie Mac Difference

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

Product Snapshot

- Borrower-led rent preservation to provide attainable housing for middle-income residents
- Percentage of set-aside units and rent affordability level may vary by market
- In naturally affordable markets/submarkets, borrower-provided resident social services may also be required
- Preset credit box that reflects the affordable nature of the units
- Attractive loan pricing — receive full mission pricing benefits
- Straightforward annual monitoring of rents ensures continued affordability
- Restrictions apply to the unit rental rates and not the tenant incomes

Green Advantage®

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

Product Description	<ul style="list-style-type: none"> ▪ Tenant Advancement Commitments offer favorable pricing and credit terms for Borrowers who agree to create or preserve affordable rent levels on a portion of units at a property over the term of the loan ▪ Borrowers will be evaluated for a Master Financing Commitment based on the Sponsor’s percentage and level of set-aside unit affordability ▪ For naturally affordable markets/submarkets, Borrower-provided resident social services may also be required. Services may include after school tutoring, ESL classes, career counseling, access to health services, etc.
Commitment Size	Minimum aggregate Commitment of \$100 million for loans originated during the commitment term
Commitment Term	12 months
Loan Terms	<ul style="list-style-type: none"> ▪ Fixed- and floating-rate loans ▪ 7-year minimum loan term ▪ Attractive proceeds sizing and interest-only may be available ▪ Loans will receive full mission pricing benefits ▪ Loans originated under the commitment are not cross-collateralized or cross- defaulted
Assets	<ul style="list-style-type: none"> ▪ Assets do not need to be identified when the Commitment is originated ▪ Each asset will be fully underwritten before adding to the Commitment; spread and availability of credit terms will be confirmed for each loan
PARC Requirements	<ul style="list-style-type: none"> ▪ Through the Preservation of Affordable Rent Covenant (PARC), Borrowers agree to limit rents on a portion of units in the property (Minimum Set-Aside Units) to 60%- 80% AMI affordability levels ▪ Rent affordability is calculated as annual rental rates that are no more than 30% of 60% AMI to 80% AMI or below, with adjustment for unit size. <i>The restrictions apply to the unit rental rates and not the tenant incomes</i> ▪ Affordability of rents will be tested on an annual basis ▪ Borrower must be in compliance with affordability requirements as of the first anniversary of the loan origination date ▪ If a property is not in compliance with the affordability requirements, a noncompliance fee will remain in effect for a minimum of 6 months and until the property has re-achieved compliance

For More Information

Contact your Tenant Advancement Commitment representative:

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- Doug Smith, Manager – (703) 714-3627 or douglas_smith@freddiemac.com