



Freddie Mac Staff:

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Steve Johnson
Vice President
Production & Sales



Michael H. Patterson
Vice President
Underwriting & Credit

Market Volatility and Your Deals

How will the new lows in the 10-year Treasury impact your deals? Expect a continued steady and calm approach from us, with a measured response when needed.

Last week, we increased base pricing grids by **10 bps** for [Tax-exempt Loans \(TEs\)](#) and [9% Low-Income Housing Tax Credit \(LIHTC\)](#), and by **17 bps** for [cash preservation](#).

In times like these, our [Index Lock](#) really shines. We hold spreads for at least 90 days (150 days for TEs and 9% LIHTC) – and provide an unmatched certainty of execution. If you're under application with us, stay the course.

There's a lot of market volatility, but we've been here before. And we're confident in our ability to weather the ups and downs together.

Optimizing Our TAH Execution

As referenced above: We hold spreads for 150 days (versus 90) for all [TEs](#) and [9% LIHTC](#) loans – effective November 14, 2019. We know you've heard this before – both from your relationship manager and at the NMHC and CREF conferences, but we're highlighting it again to ensure it's top of mind.

Why the change? We want to provide greater certainty for your borrowers and help them better manage their deals. We saw that in most cases, the 90-day timeline couldn't be met.

As the only lender that offers a spread hold period, we've improved the benefit by increasing it to 150 days. But we encourage lenders, whenever possible, to submit their underwriting packages early so we can ensure they're complete.

The costs for extending the hold period beyond 150 days are noted below. You may insert these costs into your applications with borrowers. Please note these costs are cumulative.

- First 30-day extension: +4 bps
- Second 30-day extension: +5 additional bps
- Third 30-day extension: +6 additional bps

Forward Extension Fees (as of January 21, 2020)

Forward extension fees have increased across the board since they no longer include a Freddie Mac subsidy. The following extension fees apply to new originations as of January 21, 2020.

Product	First six-month extension	Second six-month extension	Subsequent extension
TEL Forward	Contractually 65 bps upfront	Not contractual, but rule is 90 bps upfront	Freddie Mac determines this at time of extension
*9% LIHTC Forward	Embedded, no charge	Contractually 85 bps upfront	For the third extension, not contractual, the rule is 110 bps upfront, with the cost of any subsequent extension determined by Freddie Mac at time of extension
Non-LIHTC Forward	Contractually 85 bps upfront	Not contractual, but rule is 110 bps upfront	To be determined by Freddie Mac at time of extension

**Only applies to deals with at least 60% LIHTC*

However, all deals already under application or in the forward conversion process as of January 21 will be grandfathered in: The fee for the first extension, which will be contractually given, will be 50 bps for TELs and 75 bps for Non-LIHTC Forwards. The second extension is at our discretion, but the general rule is 75 bps for TELs and 100 bps for Non-LIHTC Forwards.

LIBOR Transition

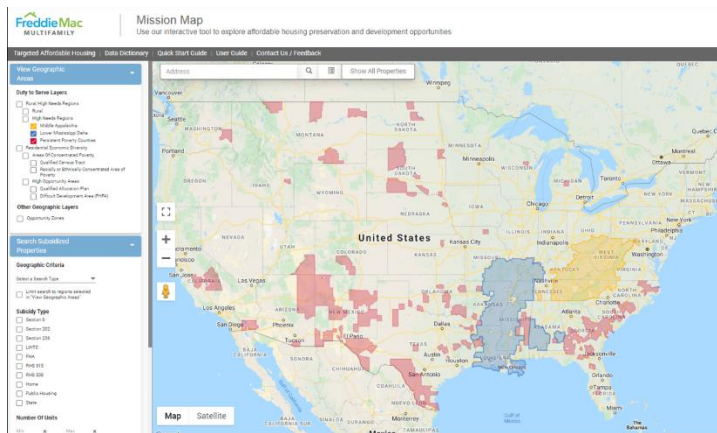
Get the latest LIBOR transition information on our [new webpage](#), which we'll regularly update.

LIBOR Transition

Looking for Affordable Properties? Use Our Mission Map

We hope you and your borrowers will use our new and improved [Mission Map](#).

We've mapped the entire targeted affordable housing market (all multifamily properties nationwide with major public subsidies).



[Access the Mission Map](#)



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8200 Jones Branch Drive, McLean, VA 22102