



Pricing Update – Effective 5/18

Pricing dropped for the following TAH products:

- **15 bps** for fixed-rate cash preservation
- **10 bps** for floating-rate cash preservation
- **5 bps** for Tax-Exempt Loans (TEs)
- **10 bps** for 9% LIHTC

Index Lock, DSR & Other Changes

We made [several changes](#) effective Monday, May 18, that apply to Cash Preservation, 9% LIHTC and 4% TELs, including:

- Bringing back our hallmark Index Locks to give your borrowers greater certainty. We offer a real advantage by holding TAH rate-locks for 90 or 150 days.

Hold Period	Index Lock Adder	
	Select Sponsor	Non-Select Sponsor
90 Days	2 bps	5 bps
120 Days	5 bps	10 bps
150 Days	7 bps	12 bps

- Relaxing our Debt Service Reserve (DSR) in certain situations.

Guidance for Transactions That Do Not Require a DSR

Certain TAH deals may not require a DSR:

Section 8 long-term properties with HAP contracts covering 100% of units and a contract term greater than or equal to the loan term

(Note: There is no longer a requirement that HAP payments alone support breakeven operations.)

Please remember to provide the following standard underwriting information for any HAP contract:

- Amount of monthly rent from the Section 8 contract
- Amount of monthly tenant-based rent income
- The Fair Market Rent (FMR) for units in that neighborhood. The FMR is published by the Housing Finance Agency responsible for that HAP Contract
- Note whether the contract allows annual operating cost adjustment factors (OCAF) increases and when the next OCAF increase will occur
- The history of the last five years of OCAF increases for that neighborhood

Properties with eight years remaining on the initial 15-year Low-Income Housing Tax Credit compliance period

- An unlimited guaranty of operating expenses or deficits is in place at closing, or
- A limited guaranty of operating expenses or deficits and an operating reserve are in place at closing (or with respect to the operating reserve, will be funded within six months)
 - Limited guaranty must equal to at least six months of operating expenses
 - Operating reserve must be funded in an amount at least nine months of amortizing debt service.

In each instance (unlimited and limited guaranty), for a term satisfactory to Freddie Mac.

TAH Update - May 21

Unfunded Forwards prior to conversion

COVID-19 Business Update Webpage

Get all the updates [here](#).



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