

# TAH Update



*Welcome to the quarterly newsletter where we share updates related to the Targeted Affordable Housing (TAH) business.*

## **Workshop Overview**



Send Date: June 26, 2026

Thank you to all who attended and contributed to the success of our 2025 Optigo® Essentials: TAH Workshop this spring!

### **Key Takeaways**

- **Enhanced Borrower Due Diligence for New Sponsors, Limited Experience Sponsors and Rapid Growth Sponsors**
  - SREO verification, liquidity verification and net worth verification are new aspects of borrower due diligence. The latest Real Estate Schedule Form 1116 can be found on the [Freddie Mac website](#).
- **Rent Roll Accuracy**
  - The unit type should distinguish between restricted vs. rent stabilized vs. market.
  - The rent roll tab in the Loan Submission Template should reconcile with the rent roll provided by the sponsor.
- **Tax Abatements**
  - The appraisal should address the valuation with and without the tax abatement.
  - Clearly identify in the Tax Abatement Analysis and the narrative the abatement's status: 'In place at origination of mortgage', 'Application made but not yet Granted', 'Borrower must apply'.
  - Check 'In place at origination of mortgage' if the tax abatement is either in place at origination of the mortgage or if the applicable statute allows the abatement to become effective at the origination of the mortgage without application or discretion by applicable taxing authority.

Check out our [workshop photo album](#).

### **Credit Exceptions Reminder**

We have seen an increase in package submissions that are underwritten to credit exceptions that were not approved at prescreen or quote. Please remember that underwriting packages should be submitted according to the credit exceptions that were approved at prescreen or quote.

### **Best Practices**

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- Submitting your package in accordance with the approved credit exceptions will help streamline the underwriting process. Underwriting to unapproved credit exceptions will cause delays in Draft Commitment Letter (DCL) issuance.
- Example: If a deal was not approved to be underwritten to a net rental income (NRI) based on T-1 collections, do not submit the deal with underwritten NRI based on T-1 collections coupled with a second request within the narrative or submission email. This will not be considered.
- If the Optigo lender finds substantial support for an unapproved exception after the prescreen period, please re-request the exception before submitting your complete package to underwriting.

## **Underwriting Insights**

### **Re-Underwriting**

We understand there may be times when additional rent rolls, collections, property financials and other documents may be submitted after the full underwriting package has been delivered or when there are changes in deal structure.

In those instances, Freddie Mac needs adequate time to review and approve those changes. This process ensures that all adjustments are accurately reflected in the underwriting. Freddie Mac will communicate any revisions to the underwriting timeline as well as the adjusted release for the DCL.

### **HAP Contracts**

- When underwriting to new Housing Assistance Payment (HAP) (OCAF increase) rents or a new HAP contract, these rents should be in place by closing (disregard for forwards).
- Underwritten Gross Potential Rent can include newly approved rents if they are effective by the first day of the month after the Mortgage Loan Origination Date provided Freddie Mac has a signed HUD letter outlining the rents and their effective date prior to rate-lock.
- The fully executed HAP contract is always required as a purchase delivery item.
- HAP rents are not to be based on the following:

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- An agreement to enter into a HAP Contract (AHAP) (acceptable for unfunded forwards)
- Commitment to enter into a HAP Contract (CHAP)
- A “comfort letter” which provides assurance but lacks the binding nature of a contract

## **Property Inspections**

We have seen great improvement with inspection scheduling. Please continue to follow the parameters detailed below:

- Timing: Submit inspection requests to your Freddie Mac Underwriter at least two weeks before the intended inspection date and prior to confirming a date with the property. Inspections can occur up to 90 days before the underwriting package submission.
- Documentation: The inspection request [template](#) is required for all transactions. If not completed accurately, this may lead to delays and/or require a reinspection.
- Lease Audits: Conduct lease audits on-site.
- Optigo Happy®: Make a PDF of the inspection report and upload it to the Document Management System.

**Freddie Mac requires property inspections on Forwards. Please reach out at prescreen or before package submission if a waiver is being requested.**

## **Production Insights**

### **Floating-Rate Sizing**

**As of May 21, the SOFR Pay Rate Test is no longer applicable.**

- The Secondary Test will increase from a 1.0x to 1.15x amortizing (AM) debt coverage ratio (DCR) at the Maximum Note Rate (MNR).
- Please note that all floating-rate loans, including loans under application, will be sized based on the 1.15x at the MNR.

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- Only loans with terms of at least 60% LTV/1.45x AM DCR are eligible to be uncapped.

**Cap Requirements**

We’ve updated our Interest Cap Rate Options, which give the borrower more flexibility in choosing their ongoing monthly escrow amount based upon their selection of the initial rate cap term. [See the updated sheet.](#)

| Initial Interest Rate Cap Term | Initial Deposit for Replacement Cap              | Monthly Escrow for Replacement Cap |
|--------------------------------|--|------------------------------------|
| 2 years                        | 50% of the estimated cost of the replacement cap | 125%                               |
| 3 years                        | Not Required                                     | 125%                               |
| At least 4 years               | Not Required                                     | 100%                               |

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