



# 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 with new Low-Income Housing Tax Credits (LIHTCs).

### The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo<sup>SM</sup> network of Seller/Service providers 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 Seller/Service providers at [mf.freddiemac.com/borrowers/](http://mf.freddiemac.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
- Rehab funding with tenants in place
- Eligible mixed-use properties

Freddie Mac Multifamily  
**Green Advantage**<sup>®</sup>

Our Freddie Mac Multifamily **Green Advantage**<sup>®</sup> initiative rewards Borrowers who improve their properties to save energy or water.

## Flexible Tax-Exempt Loan (Float-to-Fixed) ▶ Targeted Affordable

|  | Tax-Exempt Financing with 4% LIHTC  | 9% LIHTC Cash Loan  |
|--|---|---|
| <b>Eligible Property Types</b>                       | 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   |
| <b>Terms</b>   | <p>Minimum term: Remaining LIHTC compliance period or 15 years, whichever is less; 15 years with HUD Risk Sharing</p> <p>Maximum term: 35 years</p> <p>Rehabilitation/stabilization period (maximum of 24 months) will be included in loan term</p>   | <p>Minimum term: Lesser of 15 years or the remaining LIHTC compliance period; 15 years with HUD Risk Sharing</p> <p>Maximum term: 35 years</p> <p>Rehabilitation/stabilization period (maximum of 24 months) will be included in loan term</p>  |
| <b>Product Description</b>                           | 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   |
| <b>Type of Funding</b>                               | 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 |
| <b>Minimum Debt Coverage Ratio (DCR)<sup>1</sup></b> | <ul style="list-style-type: none"> <li>Variable rate with cap hedge: 1.20x</li> <li>Fixed rate: 1.15x</li> </ul>  | New tax credits: 1.15x  |
| <b>Maximum Loan-to-Value (LTV) Ratio<sup>1</sup></b> | <ul style="list-style-type: none"> <li>Variable rate with cap hedge: 80% of adjusted value or 85% of market value</li> <li>Fixed rate: 85% of adjusted value or 90% of market value</li> </ul>  | 90% of market value   |
| <b>Maximum Amortization</b>                          | 35 years  | 35 years  |

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**Prepayment  
Provisions**

Fee maintenance

Yield maintenance

|                                  | Tax-Exempt Financing with 4% LIHTC                              | 9% LIHTC Cash Loan  |
|----------------------------------|---|---|
| <b>Subordinate Financing</b>     | Permitted   | Permitted   |
| <b>Tax and Insurance Escrows</b> | Required  | Required  |
| <b>Fees</b>                      | Application fee, commitment fee, plus other fees, as applicable | Application fee, commitment fee, plus other fees, as applicable |

<sup>1</sup> Adjustments may be made depending on the property, product and/or market.

**For More Information**

**Contact your Targeted Affordable Housing representative.**