FREDDIE MAC

Non-LIHTC Forwards

PRODUCT DESCRIPTION	Unfunded forward commitments for affordable and workforce housing developed without LIHTC.
ELIGIBLE PROPERTY TYPES	To-be-built or substantially rehabilitated garden, mid-rise, high-rise or build-to-rent communities.

FINANCIAL INVESTMENT, BORROWER AND AFFORDABILITY REQUIREMENTS

For-Profit Borrowers

Public/Mission-Driven Financial Investment

In cases where there is a for-profit sponsor receiving public support subject to rent and income restrictions, to be eligible, at least 10% of units must be subject to restrictions consistent with local parameters at FHFA-defined mission-driven levels. The remaining units in the property may be rented at market rate.

- Sources of Public/Mission-Driven Financial Investment could include:
  - Subordinate debt from a government affiliated lender — soft or hard debt.
  - Real estate tax abatements or Payment in Lieu of Taxes (PILOT) programs.
  - Low payment, long-term ground lease agreements.
  - Mission-driven nonprofit entity(ies) providing equity.
- Affordability requirements:
  - 10% of the units must have rent and income restrictions for the term of the mortgage at or below designations in the FHFA Scorecard (Appendix A).
    - Standard Markets – Max 80% area median income (AMI).
    - Cost-Burdened markets – Max 100% AMI.
    - Very Cost-Burdened Markets – Max 120% AMI.
  - 90% of the units at the property may be at market rents based on the subject location.

Private Market Middle-Income Investment

In cases where there is a for-profit sponsor and no public support, in order to be eligible, sponsors must agree to restrict through the Freddie Mac loan agreement at least 20% of units to FHFA mission-driven levels for the life of the loan.

- Affordability requirements:
  - 20% of the units must have rent restrictions for the term of the mortgage at or below designations in the FHFA Scorecard (Appendix A).
    - Standard Markets – Max 80% AMI.
    - Cost-Burdened markets – Max 100% AMI.
    - Very Cost-Burdened Markets – Max 120% AMI.
- 80% of the units at the property may be at market rents based on the subject location.

Nonprofit Borrowers

The sponsor must be a nonprofit entity that has a purpose and mission of owning, developing, operating, preserving, managing or otherwise promoting affordable multifamily housing. Qualified nonprofit borrowers do not require public support or explicit rent restrictions to be eligible for the non-LIHTC forward product.

The general partner, co-general partner or managing member of the borrower must be a nonprofit. Being the general partner, co-general partner or managing member of the borrower for the purposes of qualifying for a real estate tax abatement is not sufficient.

TERMS	• Fixed-rate - up to 30 years. • Floating-rate - up to 10 years.
TYPE OF FUNDING	Forward commitment to provide permanent financing upon successful conversion from construction phase to permanent phase (unfunded forward).

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Non-LIHTC Forwards

MINIMUM DEBT COVERAGE RATIO (DCR)	1.25x.
MAXIMUM LOAN-TO-VALUE (LTV) RATIO	80%.
MAXIMUM FORWARD COMMITMENT TERM	48 months (with available extensions).
MAXIMUM AMORTIZATION	Up to 35 years, depending on the market. Please contact your Originator to discuss.
PREPAYMENT PROVISIONS	Defeasance or yield maintenance.
SUBORDINATE FINANCING	Permitted.
TAX AND INSURANCE ESCROWS	Required.
FEES	Application fee, conversion assurance fee, standby fee, make-whole provision (including breakage).