



# Freddie Mac Bond Credit Enhancement

(With Other Affordability Components)

Freddie Mac offers a credit enhancement program for fixed- or variable-rate multifamily housing bonds with other affordability components (without 4% tax credits). This program allows Freddie Mac to serve as a liquidity provider and credit enhancer on newly issued or refunded bonds. Whether you want to refund your current multifamily bonds or replace an existing credit enhancement, Freddie Mac delivers a full array of advantages for your financing needs.

We invite you to talk to one of our Seller/Servicers through the Freddie Mac Targeted Affordable Housing (TAH) Delegated Network to learn more about our affordable housing products and offerings.

## Key Benefits

- Replacement of direct-pay letters of credit, usually without overhauling original bond documents.
- Easy, convenient approval process for fixed-rate or variable-rate bonds.
- Fixed-rate loans with HUD Risk Sharing may be allowed more favorable LTV and DCR terms.

## At-a-Glance

<b>Eligible Transactions</b>	Replacement of existing credit enhancement facility or new credit enhancement facility for tax-exempt bonds for refundings, acquisition and acquisition/rehabilitation. <ul style="list-style-type: none"> <li>• Fixed-Rate: Including put bonds (balloons) and remarketing/redemption bonds</li> <li>• Floating-Rate: Acquisition and acquisition/rehabilitation or refunding of floating-rate tax-exempt bonds</li> <li>• Credit Substitution: Fixed- and variable-rate direct-pay letter of credit substitution available</li> </ul>
<b>Eligible Properties</b>	Garden, mid-rise and high-rise multifamily properties with minimum occupancies of 90% for 90 consecutive days
<b>Eligible Seller/Servicers</b>	Seller/Servicers through the Freddie Mac TAH Delegated Network
<b>Loan Terms</b>	10 to 40 years
<b>Maximum Amortization</b>	30 years
<b>Minimum Debt Coverage Ratio</b>	<ul style="list-style-type: none"> <li>• 1.20x</li> <li>• 1.15x for fixed-rate loans with HUD Risk Sharing</li> </ul>
<b>Maximum Loan-to-Value</b>	<ul style="list-style-type: none"> <li>• Variable-rate – 85% of market value or 80% of adjusted value</li> <li>• Fixed-rate –85% of market or adjusted value</li> <li>• Fixed-rate w/ HUD Risk Sharing – 90% of adjusted value</li> </ul>
<b>Prepayment Provisions</b>	Yield maintenance required – typically 15 years
<b>Subordinate Debt</b>	Available
<b>Recourse Requirements</b>	Non-recourse except for standard carve-out provisions
<b>Appraisal, Environmental, and Engineering Report</b>	Required per <i>TAH Guide</i> on AllRegs™
<b>Property and Real Estate Tax Escrow</b>	Required per <i>TAH Guide</i> on AllRegs
<b>Application Fee</b>	Greater of \$3,000 or 0.1% of loan amount
<b>Servicing Fee</b>	Based on a sliding scale. Guaranteed for term of lockout period under bond documents.