Tax Abatement Program Checklist: Program-Level Approval

If the local tax abatement program has not already been approved, you must obtain the following information in order for the program to be approved before Freddie Mac issues a Commitment or accepts an early rate-lock application:

1. A copy of the applicable statute or ordinance and related regulations and interpretations

2. A memorandum from your counsel including a discussion of:
   a. Relevant eligibility criteria for the Property including
      • Location in a defined zone such as a redevelopment zone
      • Income or other restrictions
      • Dependence on a certain type of financing
   b. Relevant eligibility criteria for the Borrower, including nonprofit status pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986 or as a Certified Housing Development Organization
   c. The documentation that evidences the granting of tax abatement to a Property and the duration and extent of the tax abatement
   d. The assumability of the tax abatement and disposition options in the event of foreclosure, including
      • The tax abatement automatically transfers to a subsequent owner or application or administrative action would be necessary
      • The tax abatement transfers to a foreclosing lender that holds the Property as REO
   e. Information regarding on-going compliance requirements necessary in order to maintain the tax abatement
   f. Circumstances under which the tax abatement can be terminated early, such as
      • Noncompliance with the requirements under which the tax abatement is premised
      • Nonrenewal or termination of legislation that permits the tax abatement
      • Transfer of the Property or an interest in the Borrower
      • Other relevant circumstances
   g. Any history of case law or other legal challenge to the tax abatement program
   h. Amendments, if any, that have been proposed to the statute, ordinances or regulations

3. A copy of any legal opinion that may have been previously issued relating to the Borrower's nonprofit status if the tax abatement is based on the nonprofit status of the Borrower