

# Freddie Mac Direct Purchase of Tax-Exempt Loans

GREYSTONE



## Description

Forward Commitments or Immediate financing for the acquisition or refinance of affordable multifamily properties with 4% Low Income Housing Tax Credits (LIHTC) with at least 7 years remaining in the tax credit benefit period

## Affordability Requirements

Low-income qualifying restrictions; 20% or more units rented to families earning at or below 50% of Area Median Income (AMI), or 40% or more units rented to families earning at or below 60% of AMI; however, other affordability types will be considered. (May include bond refunding, substitution, or new issue transactions with 80-20 bonds, combination bonds, Section 8, Section 236 tax abatements and LIHTC)

## Loan Amount

Minimum \$3 million

## Loan Term

For LIHTC transactions, the minimum term is equal to the lesser of the remaining LIHTC period (as long as there are at least 7 years remaining in the initial tax credit benefit period) or 15 years and the maximum term is 18 years

## Amortization

Up to 35 years

## Loan-to-Value

Maximum 85% of adjusted value or 90% of market value

## Debt Service

1.15x (if greater than 90% LIHTC)

## Borrower

The Borrower must be a domestic single asset borrowing entity and single purpose entity (SPE)

## Interest Rate

Risk-based pricing, varying with LTV, DSC ratios and transaction specific components Adjustments may be made based on the property, product, and/or market

## Prepayment

Minimum 10 years prepayment protection

## Third Party Reports

MAI appraisal, Physical Needs Assessment or Plan and Cost Review as Applicable, Environmental Phase I, Zoning, and Moisture Management reports are required; Seismic Report may be required for properties in Seismic Zones 3 and 4

## Reserves

Tax and insurance escrows are required per the TAH Guide; Funded Repair and Replacement escrow is required based on engineer's Physical Needs Assessment; For Loans at less than 70% of value with no deferred maintenance, funding of repair and replacement reserve can be waived, with Freddie Mac approval

## Application and Due Diligence Fees

- \$2,500 non-refundable Application Fee to cover internal underwriting costs
- \$12,500 Due Diligence Fee to cover third party reporting and the greater of
- \$3,000 or 0.1% to Freddie Mac as a non-refundable Application Fee

## Release of Credit Enhancement Requirements/ Stabilization

- Stabilization and/or release of credit enhancement will occur once the property has achieved 1.25x amortizing DCR for 3 months and met other standard conditions as set forth by Freddie Mac.
- If stabilization is not reached within 12 months, then the credit enhancement, if available, will be used to resize the loan and recast the payments.
- Minimum 90% occupancy and underwritten NRI must be achieved for 3 consecutive months. Income must be based on the certified rent roll or trailing 1-month collections.

## Premier Sponsors and Markets

Additional flexibility available on a case-by-case basis through an assessment of the sponsor and market as determined by Freddie Mac.

## Origination Fee

Minimum origination fees will vary depending on the loan characteristics

## Good Faith Deposit/ Delivery Assurance Fee

Will vary depending on the loan characteristics, currently estimated at 2% (refundable)

## Freddie Forward Commitment Fee

Minimum commitment fees will vary depending on the loan characteristics and be provided by Freddie during the quote process. Currently estimated at 15 basis points per year of the Forward Commitment

## Legal Fees

Varying with characteristics of the deal

## Timing

60 days from application to commitment, dependent on 3rd party report timing and Borrower's submission of due diligence

## Rate Lock

Rate lock occurs after commitment is issued;

## Assumability

Loan is assumable, subject to Freddie Mac and Servicer approval of the proposed replacement Borrower; Fees include one percent transfer fee, part of which is paid to Freddie Mac, and a processing fee to cover underwriting expenses to Freddie Mac and the Servicer