

# FREDDIE MAC NON-LIHTC FORWARDS



**Mortgage  
Company**  
A COOPERATIVE OF IMPACT-DRIVEN  
NONPROFIT LENDERS AND INVESTORS

## Creating Affordable and Workforce Housing

Freddie Mac's Non-LIHTC Forward financing helps preserve and create affordable housing stock through flexible transaction structuring and certainty of execution at lower costs to the borrower.

Customers get financing solutions for affordable multifamily properties funded by public or mission-driven financial investment — whether it's for new construction or major rehabilitation.

CPC is a longtime Freddie Mac partner and an approved Optigo lender for this Freddie Mac Targeted Affordable Housing product.

## Product Highlights

- Hedge interest rate risk
- Get competitive pricing for a unique execution
- Use multiple types of subsidies
- Lend on properties with affordable rent levels and broader income bands than LIHTC
- For nonprofits or for-profits
- Up to 80% leverage for eligible properties

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| <p><b>Product Description</b></p>   | <p>Unfunded forward commitments for affordable and workforce housing developed without LIHTC</p>  |
| <p><b>Eligible Property Types</b></p>                                       | <p>To-be-built or substantially rehabilitated garden, mid-rise or high-rise multifamily property with public or mission-driven financial investment, with units set aside at affordable rent levels</p>   |
| <p><b>Financial Investment, Borrower and Affordability Requirements</b></p> | <p><b>For-Profit Borrowers</b></p> <p><b>Public/Mission-Driven Financial Investment</b></p> <p>In cases where there is a for-profit sponsor receiving public support subject to rent and income restrictions, in order 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.</p> <p><b>Sources of Public/Mission-Driven Financial Investment</b> could include:</p> <ul style="list-style-type: none"> <li>— Subordinate debt from a government affiliated lender <ul style="list-style-type: none"> <li>— soft or hard debt</li> </ul> </li> <li>— Real estate tax abatements or Payment in Lieu of Taxes (PILOT) programs</li> <li>— Low payment, long-term ground lease agreements</li> <li>— Mission-driven nonprofit entity(ies) providing equity</li> </ul> <p><b>Affordability requirements:</b></p> <ul style="list-style-type: none"> <li>— 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). <ul style="list-style-type: none"> <li>— Standard Markets – Max 80% area median income (AMI)</li> <li>— Cost-Burdened markets – Max 100% AMI</li> <li>— Very Cost-Burdened Markets – Max 120% AMI</li> </ul> </li> <li>— 90% of the units at the property may be at market rents based on the subject location.</li> </ul> <p><b>Private Market Middle-Income Investment</b></p> <p>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.</p> <p><b>Affordability requirements:</b></p> <ul style="list-style-type: none"> <li>— 20% 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). <ul style="list-style-type: none"> <li>— Standard Markets – Max 80% AMI</li> <li>— Cost-Burdened markets – Max 100% AMI</li> <li>— Very Cost-Burdened Markets – Max 120% AMI</li> </ul> </li> <li>— 80% of the units at the property may be at market rents based on the subject location.</li> </ul> |

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| <b>Financial Investment, Borrower and Affordability Requirements (cont.)</b> | <p><b>Nonprofit Borrowers</b></p> <p>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.</p> <p>The general partner or managing member of the borrower must be a nonprofit. Being the co-general partner for the purposes of qualifying for a real estate tax abatement is not sufficient.</p> |
| <b>Terms</b>   | <ul style="list-style-type: none"> <li>— Fixed Rate – Up to 30 years</li> <li>— Floating Rate – Up to 10 years</li> </ul>  |
| <b>Type of Funding</b>   | <p>Forward commitment to provide permanent financing upon successful conversion from construction phase to permanent phase (unfunded forward)</p>  |
| <b>Minimum Debt Coverage Ratio (DCR)</b>                                     | <p>1.25x</p>   |
| <b>Maximum Loan-to- Value (LTV) Ratio</b>                                    | <p>80%</p>   |
| <b>Construction Loan Term</b>  | <p>36 months maximum</p>   |
| <b>Maximum Amortization</b>  | <p>30 years</p>  |
| <b>Prepayment Provisions</b>   | <p>Defeasance or yield maintenance</p>   |
| <b>Subordinate Financing</b>   | <p>Permitted</p>   |
| <b>Tax and Insurance Escrows</b>   | <p>Required</p>  |
| <b>Fees</b>  | <p>Application fee, commitment fee, standby fee, make-whole provision (including breakage)</p>   |

## About CPC Mortgage Company

A first of its kind cooperative of impact-driven, nonprofit mortgage lenders and investors, CPC Mortgage Company brings together the unique expertise of managing member The Community Preservation Corporation and cooperative owners Cinnaire and National Equity Fund. This innovative model leverages the best in class execution, commitment to service, transparency and reach of three nonprofit lenders, with the shared goal of expanding and preserving affordable and workforce housing.

For more information, visit us at [community.com/mortgagecompany](https://community.com/mortgagecompany).

*CPC Mortgage Company, in its sole discretion, may, at any time and without prior notice, terminate the loan program, amend or waive compliance with any terms, or reject any or all proposals for funding. Feb., 2023*