

FREDDIE MAC OPTIGO®

Bond Credit Enhancement with Other Affordability Components

Our Bond Credit Enhancement program provides for the preservation of the affordable housing stock with flexibility in transaction structuring and certainty of execution.

The program is for fixed-or variable-rate multifamily housing bonds including bond refundings, substitutions, or new issue transactions with 80-20 bonds, taxable bonds in combination with tax-exempt bonds, 501(c)(3) bonds, Section 8, Section 236, or tax abatements.

CREDIT ENHANCEMENTS FROM TAX-EXEMPT BONDS

ELIGIBLE PROPERTY TYPES	Garden, mid-rise and high-rise multifamily properties with minimum occupancies of 90% for 90 days.
TERMS	10 to 30 years.
ELIGIBLE TRANSACTIONS	New credit enhancement facility or replacement of existing credit enhancement facility for tax-exempt bonds for refundings, substitutions and acquisitions.
MAXIMUM AMORTIZATION	30 years.
MINIMUM DEBT COVERAGE RATIO¹ (DCR)	<ul style="list-style-type: none"> Variable-rate with cap hedge: 1.25x. Fixed-rate: 1.25x.
MAXIMUM LOAN-TO-VALUE (LTV) RATIO¹	<ul style="list-style-type: none"> Variable-rate with cap hedge: 80% of adjusted value or 85% of market value. Fixed-rate: 85% of adjusted value or 90% of market value.
PREPAYMENT PROVISIONS	Fee maintenance required.
SUBORDINATE DEBT	Permitted.
RECOURSE REQUIREMENTS	Non-recourse except for standard carve-out provisions.
APPRAISAL, ENVIRONMENTAL AND ENGINEERING REPORT	Required.
PROPERTY AND REAL ESTATE TAX ESCROW	Required.
FEES	Application fee, commitment fee, credit facility fee, outside counsel fees, plus other fees as applicable.

¹Adjustments may be made depending on the property, product, and/or market.