



## Freddie Mac Products and Initiatives Targeted for Low-Income Rental Housing

Freddie Mac provides a wide range of options to help you finance the acquisition, refinance, moderate rehabilitation, and new construction of affordable multifamily properties. To expand your financing opportunities for multifamily properties that have rents affordable to families with low and very low incomes, Freddie Mac offers a variety of targeted affordable initiatives and products in addition to our baseline products. Here are some of those initiatives and products, along with additional information about our multifamily affordable rental financing resources.

### Forward Commitments

Freddie Mac's Forward Commitment product provides permanent, long-term financing to build or substantially rehabilitate apartment properties with either tax-exempt bond financing or low-income housing tax credits.

### Bond Credit Enhancement

Freddie Mac offers a credit enhancement program for fixed-rate and floating-rate multifamily housing bonds. We work closely with state and local housing authorities and provide credit enhancements for their tax-exempt bonds. Freddie Mac's credit enhancement enables these bond issuers to receive or maintain a "AAA" credit rating, so their cost of borrowing is kept low and the rents on multifamily developments financed are made more affordable. Whether you want to refund your current multifamily bonds or replace an existing credit enhancement, Freddie Mac's Bond Credit Enhancement delivers a full array of advantages. From 2003-2006, Freddie Mac's tax-exempt bond credit enhancements provided an estimated 55,000 apartment units affordable to families with low to moderate incomes.

### Low-Income Housing Tax Credit Investments

Freddie Mac has invested over \$6.8 billion in Low-Income Housing Tax Credit (LIHTC) Investments, which has helped to fund more than 361,000 units in over 4,800 affordable multifamily housing communities in all 50 states, the District of Columbia and Puerto Rico.

### LIHTC Tax Credit Moderate Rehabilitation

Using Freddie Mac's Low-Income Housing Tax Credit Moderate Rehabilitation (Mod Rehab) executions, you have a tool to preserve affordability in properties where the tenants can remain in place during rehab. Freddie Mac can now provide up-front financing to accomplish moderate rehabilitation for properties funded entirely or in part with low-income housing tax-credits. Our Mod Rehab is available both as a four percent tax credit tax-exempt bond execution and a nine percent tax credit cash execution.

### Delegated Underwriting

Through the Freddie Mac Delegated Underwriting for Targeted Affordable Housing<sup>SM</sup> model, approved lenders may fully underwrite loans for Freddie Mac in accordance with the Freddie Mac Delegated Underwriting Guide. Lenders receive expedited processing and flexibility in exchange for sharing risk when underwriting multifamily mortgages secured by targeted affordable properties that meet certain minimum rent or income restrictions.

Delegated lenders first work on receiving initial underwriting authority for loans from Freddie Mac. Then they work to receive fully Delegated Underwriting status.

### **Leveraging Public Resources**

Freddie Mac's LIHTC investments, Bond Credit Enhancement, and Forward Commitment products are among the ways that Freddie Mac multifamily activities leverage public resources as a means of making affordable apartments available to low-income renters. In addition, Freddie Mac has entered into an agreement with the United States Department of Agriculture's (USDA) Rural Housing Service (RHS) to create a secondary market for multifamily loans originated under the RHS Section 538 program. Freddie Mac purchases Section 538 loans, which average \$1.6 million in size and are secured by properties in communities that have populations of 10,000 or less or more than 20,000 if the community has a serious lack of mortgage credit. Freddie Mac's agreement with the RHS provides families with low and moderate incomes living in underserved rural communities with access to affordable rental housing.

### **Multifamily Affordable Sales and Investments**

Freddie Mac's affordable rental housing and low-income, targeted product development activities are managed by the Affordable Sales and Investments department in Freddie Mac's Multifamily Division.

This department continually seeks to expand Freddie Mac's use of capital and market liquidity to serve a wider range of multifamily borrowers. Contact Multifamily Affordable Housing Sales at [mfcomm@freddiemac.com](mailto:mfcomm@freddiemac.com) if your organization has specific affordable rental housing financing needs not served by our existing targeted initiatives.

### **Program Plus<sup>®</sup> Lender Network and Targeted Affordable Lender Network**

Freddie Mac helps meet the nation's need for affordable rental housing by purchasing or credit enhancing the multifamily loans made by numerous financial institutions; however, the actual multifamily loan originations themselves are handled by our Program Plus lender network and our Targeted Affordable Lender Network. Please contact one of our lenders to find out more about how our low-income targeted affordable housing products can help you finance affordable multifamily housing properties. For a current listing of Freddie Mac-approved Multifamily lenders and the geographic territories they cover, please visit the multifamily area of our Web site at [www.FreddieMac.com](http://www.FreddieMac.com) and click on Multifamily Seller/Serviceers.