

Freddie Mac | Multifamily Affordable BRIDGE TO RESYNDICATION

info@richmacfunding.com | www.richmacfunding.com



PRODUCT DESCRIPTION	<ul style="list-style-type: none">• Provides efficient, short-term financing to acquire existing, stabilized Low-Income Housing Tax Credit (LIHTC)-eligible properties and position them for recapitalization using 4% LIHTCs• Provides a bridge loan to a conforming permanent mortgage using LIHTC resyndication
ELIGIBLE BORROWERS	Developers/owners with financial capacity who have successfully completed multiple resyndications using 4% LIHTC and tax-exempt debt
QUALIFIED PROPERTIES	<ul style="list-style-type: none">• Stabilized properties with LIHTC-eligible rent levels and evidence of LIHTC-eligible tenancy (most will be LIHTC properties at or nearing the end of their compliance period)• Construction must be sound but will often require moderate repair• Must include evidence that a public agency with authority to issue Volume Cap Mortgage Revenue Bonds has sufficient tax-exempt bond (or loan) availability to meet the allocation needs of the anticipated LIHTC resyndication and has a highly predictable process for that allocation• A rider to the loan agreement (see below) will include specific performance benchmarks necessary to achieve the resyndication along with interim dates by which they will be achieved; examples would include final plans and specifications for rehabilitation, bond inducement resolution, and commitment from the LIHTC investor
MIN DEBT COVERAGE RATIO	1.15x Debt Coverage Ratio
MAX LOAN-TO-VALUE RATIO	An amount that meets the Loan to Value (LTV) threshold of 85%; Cash equity requirement: 15% if owned less than 3 years
TERM	24-month loan with one 6-month extension, with approval (see "Extension" below)
AMORTIZATION	Up to 30 years
PREPAYMENT	2% Breakage Fee. 2% Breakage Fee is waived if refinanced by a Freddie Mac securitizable loan
MINIMUM OCCUPANCY	Determined at funding using the comparable fixed rate to achieve a 1.0x DCR
INTEREST RATE STRUCTURE	Interest-only, floating-rate loan
EXTENSION	Freddie Mac approval required and will be based on progress toward LIHTC resyndication; 0.5% fee required
ASSET MANAGEMENT	Quarterly reporting; borrower will provide quarterly updates on progress toward LIHTC resyndication, such as bond inducement resolution, LIHTC investor commitment, completion of plans and specifications, and general contractor bids for construction
RIDER TO LOAN AGREEMENT •	<ul style="list-style-type: none">✓ Will provide specific performance benchmarks and dates by which they must be achieved✓ Performance benchmarks will be based on specific requirements necessary to close the LIHTC resyndication; these will include:<ul style="list-style-type: none">▪ Bond Inducement Resolution▪ 4% tax credit allocation o Final plans, specifications and budget for rehabilitation▪ LIHTC investor commitment▪ Commitments for all other sources necessary to close the LIHTC resyndication
APPLICATION FEE	Covers third party reports and processing/underwriting costs
FINANCING FEE	Earned at borrower's acceptance of loan commitment and payable at closing
TIMELINE	75-90 days; depends upon timing of third party reports and borrower's submission of due diligence
