LMD
CAPITAL PARTNERS

FREDDIE MAC

Freddie Mac Affordable Preservation Rehabilitation Loan

Permanent financing for the moderate rehabilitation of affordable multifamily properties with tenants in place, sized on projected post-rehabilitation NOI and bridged by collateral until stabilization.

Indicative Terms

FUNDING STRUCTURE	Tax-exempt financing for acquisition and rehabilitation over a period of up to 24 months, sized on projected post-rehabilitation NOI. Cash or a letter of credit is required to bridge the gap between the debt supportable on current NOI and the mortgage amount, held through stabilization. Payments are interest-only during rehabilitation and stabilization.
LOAN TERM	LIHTC properties, whether 4% or 9%: a minimum of 15 years or the remaining LIHTC compliance period, to a maximum of 35 years. Non-LIHTC properties: a minimum of five years to a maximum of 15. The rehabilitation and stabilization period of up to 24 months is included in the total term.
AMORTIZATION	LIHTC properties: up to 40 years. Non-LIHTC properties: up to 35 years, subject to market.
LOAN-TO-VALUE	LIHTC properties: up to 90% of as-stabilized market value. Non-LIHTC properties: up to 80% of as-stabilized market value.
DEBT SERVICE COVERAGE RATIO	LIHTC properties: 1.15x minimum. Non-LIHTC properties: 1.25x minimum.
PREPAYMENT	Fee maintenance on 4% LIHTC properties; yield maintenance on 9% LIHTC and non-LIHTC properties.
SUBORDINATE DEBT	Permitted subject to Freddie Mac requirements.
RECOURSE	Non-recourse with standard carve-out provisions required.
ESCROWS	Taxes, insurance and replacement reserves.
REQUIRED THIRD-PARTY REPORTS	MAI appraisal, physical needs assessment, Phase I environmental site assessment, zoning report and moisture management report. A seismic report may be required.
FREDDIE MAC FEE	0.10% of the loan amount, minimum $3,000.
RATE LOCK	Occurs following commitment issuance.

Indicative Terms (continued)

ASSUMABILITY	Assumable subject to Freddie Mac and servicer approval, with a 1% assumption fee plus a processing fee to cover underwriting expense.
APPLICATION FEE	Quoted per transaction.
ORIGINATION FEE	Quoted per transaction.
LEGAL FEES	Quoted per transaction.
TIMING	60 to 75 days from application to commitment, subject to third-party report turnaround and timely delivery of due diligence.

Eligible Properties & Sponsors

Two categories qualify: properties receiving new 4% or 9% LIHTC, and non-LIHTC affordable properties restricted by a Section 8 HAP agreement or by state or local long-term rent restrictions. Subordinate debt is permitted subject to Freddie Mac requirements.