

# Low-Income Housing Tax Credit (LIHTC) Collateral Pilot Program



## What is the LIHTC Collateral Pilot Program?

The LIHTC Collateral Pilot Program provides members with a reduced collateral haircut (from an effective haircut of at least 32 percent to, currently, 17 percent) for qualifying mortgage loans on LIHTC multi-family housing projects. Available through August 2027 on a first come first serve basis, the Pilot Program will provide your institution with a reduced collateral haircut for up to \$75 million of qualifying LIHTC mortgage loans, subject to Pilot Program caps.

## How Can You Participate?

1. Identify eligible LIHTC loans in your portfolio.
2. Email [collateraleligibility@fhlbc.com](mailto:collateraleligibility@fhlbc.com) or call 855.345.2244, option 4 to participate in the pilot.
3. Complete the pre-pledge loan review.
4. Pledge loans using the collateral listing file identifying the loans as LIHTC.
5. Receive increased collateral loan value for qualifying loans.

## What are the Benefits?

- The LIHTC Collateral Pilot Program will lower the haircut and collateral valuation adjustments on qualifying LIHTC loans pledged, thereby freeing up capital to originate more loans to support affordable housing.
- This Pilot Program supports increased liquidity and lending to address low-income affordable housing needs in your communities.

### Pilot Program and Collateral Eligibility

<b>Eligible Members</b>	All members and eligible housing associates.
<b>Loan Type</b>	Loans must be current first-lien, permanent loans on LIHTC projects.
<b>Eligibility</b>	Loans must meet all applicable Collateral Guidelines requirements, including eligibility requirements for multi-family loans.
<b>Collateral Haircut</b>	Qualifying mortgage loans will receive a total haircut of 17 percent of market value. The haircut may be updated by the Bank at its discretion.
<b>Pledge Process</b>	Email <a href="mailto:collateraleligibility@fhlbc.com">collateraleligibility@fhlbc.com</a> or call 855.345.2244, option 4 to participate in the LIHTC Pilot Program. Loans must be reported to FHLBank Chicago using the LIHTC collateral listing file. New LIHTC loans can be added to the listing file at any time. LIHTC loans are identified using the "Property Type Code" field.
<b>Review</b>	Loans are subject to a pre-pledge review by FHLBank Chicago prior to receiving the reduced haircut.
<b>Pilot Program Caps</b>	The Pilot Program is subject to a \$300 million cap on unpaid principal balance of pledged LIHTC loans, with \$200 million reserved for members with assets under \$1.46 billion, and an individual member limit of \$75 million. Standard LIHTC haircuts and collateral valuation adjustments will apply to amounts pledged in excess of the caps.

