

Unfunded Forward Commitment 4% LIHTC

Offers an unfunded forward commitment to issue an MBS upon completion of construction and conversion to a permanent mortgage loan for multifamily affordable properties. The MBS as Collateral for Tax-exempt Bonds (M.TEB) execution is an available option for 4% LIHTC transactions.

BENEFITS	<ul style="list-style-type: none"> • Protection from interest rate volatility by locking the interest rate and other key provisions prior to construction. • Single asset security allows for customized loan structures. • Certainty and speed of execution. • M.TEB execution offers reimbursement of certain Costs of Issuance.
ELIGIBILITY	<ul style="list-style-type: none"> • LIHTC new construction and properties undergoing substantial rehabilitation, including preservation and rural transactions. • Lenders approved to deliver forward commitments under Fannie Mae's Multifamily Affordable Housing product line.
FORWARD RATE LOCK PERIOD	24- or 30-month commitments. One delegated six-month extension available.
LOAN TO VALUE	90% for deals with 90% or more affordable units. 85% for all other deals.
LOAN TERM	Up to 30 years.
AMORTIZATION	Up to 35 years.
DEBT SERVICE COVERAGE RATIO	1.15x for deals with 90% or more affordable units. 1.20x for all other deals.
INTEREST RATE	Fixed or Variable Rate.
CONVERSION TO PERMANENT REQUIREMENTS	<p>The permanent loan will close upon project completion with:</p> <ul style="list-style-type: none"> • Certificates of occupancy for all units. • 90% Occupancy for 90 days. <p>The permanent loan must meet Fannie Mae's underwriting requirements.</p>
GOOD FAITH DEPOSIT	1% of loan amount, due at issuance of the forward commitment, refundable upon conversion.
FORWARD STANDBY FEE	0.15% per year paid upfront prior to rate lock and 0.075% for the 6-month extension.
DELIVERY TOLERANCE	+5% and -10% is available.
ADDITIONAL CONSIDERATIONS	During the construction phase, the M.TEB execution requires the bonds to be cash collateralized with proceeds of a side-by-side construction loan and bond loan. The MBS will be delivered as bond collateral after conversion, following the M.TEB delivery guidelines.

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