

Tax-Exempt Bond Credit Enhancement

BENEFITS	<ul style="list-style-type: none"> • Low borrowing cost, "AA+" rating keeps the interest rates on bonds low. • Supports affordable rental housing stock. • Flexible structures. • Certainty and speed of execution.
ELIGIBILITY	<ul style="list-style-type: none"> • Multifamily Affordable Housing (MAH) properties with 4% Low-Income Housing Tax Credit (LIHTC) rent restrictions. • New money issues, refundings or credit substitutions.
TERM	10 - 30 years (minimum 15 years for new construction and substantial rehabilitation).
AMORTIZATION	Up to 35 years.
INTEREST RATE	Fixed-rate.
MAXIMUM LTV	<p>90% for 4% LIHTC properties with at least 90% of the units meeting affordability requirements.</p> <p>85% for 4% LIHTC properties with less than 90% of the units meeting affordability requirements.</p> <p>80% for refundings.</p>
MINIMUM DSCR	<p>1.15x for 4% LIHTC properties with at least 90% of the units meeting affordability requirements.</p> <p>1.20x for 4% LIHTC properties with less than 90% of the units meeting affordability requirements and for refundings.</p>
PREPAYMENT AVAILABILITY	Flexible prepayment options available.
THIRD-PARTY SUBORDINATE FINANCING	Hard subordinate debt (which requires scheduled repayment of principal) is permitted only if provided by a public, quasi-public, or not-for-profit lender and combined debt service coverage cannot fall below 1.05x. Soft subordinate debt is permitted subject to requirements which include capping payments at 75% of available Property cash flow after payment of senior liens and Property operating expenses.
RECOURSE	Non-recourse execution with standard carve-outs for "bad acts" such as fraud and bankruptcy.
ESCROWS	Replacement reserve, tax and insurance escrows are typically required.
THIRD-PARTY REPORTS	Standard third-party reports are required, to include Appraisal, Phase I Environmental Site Assessment, Property Condition Assessment and other reports as applicable.
ADDITIONAL CONSIDERATIONS	The Credit Enhancement Instrument issued by Fannie Mae is provided in accordance with the terms of a Reimbursement Agreement between the Borrower and Fannie Mae, among other documents.

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