

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. MTEB execution offers reimbursement of certain Costs of Issuance up to 75 bps.
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	90% for Mortgage Loans secured by a Property with at least 90% of units meeting affordability requirements. 85% for a Property with less than 90% of units meeting affordability requirements. 80% for refundings.
LOAN TO VALUE	90% for deals with 90% or more affordable units. 85% for all other deals.
LOAN TERM	10 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	15 bps per year paid upfront prior to Rate Lock.
DELIVERY TOLERANCE	The original principal amount of the permanent Mortgage Loan must not be greater than 100% of the amount of the Unfunded Forward Commitment.
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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