

Tax-Exempt Bond Credit Enhancement

Fannie Mae Multifamily provides credit enhancement for tax-exempt bonds issued to finance the acquisition, new construction, refinancing, or moderate to substantial rehabilitation of multifamily properties.

Benefits

- 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

- 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 required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
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.

For More Information contact a Fannie Mae representative
or visit the Multifamily Financing Options site for details.

multifamily.fanniemae.com

