

FANNIE MAE DUS®

Tax-Exempt Bond Credit Enhancement

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	<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	90% for 4% LIHTC properties with at least 90% of the units meeting affordability requirements. 85% for 4% LIHTC properties with less than 90% of the units meeting affordability requirements. 80% for refundings.
MINIMUM DSCR	1.15x for 4% LIHTC properties with at least 90% of the units meeting affordability requirements. 1.20x for 4% LIHTC properties with less than 90% of the units meeting affordability requirements and for refundings.
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.