

FANNIE MAE DUS®

MBS as Tax-Exempt Bond Collateral (MTEB) – Fixed-Rate

A Fannie Mae Multifamily MBS that can be used as collateral to credit enhance either existing fixed-rate bond refundings, or new fixed-rate bond issues in conjunction with 4% Low-Income Housing Tax Credits (LIHTC).

BENEFITS

- Faster closings with our unique delegated model.
- Declining prepayment options or yield maintenance.
- Interest-only is available.
- Fannie Mae guaranteed direct passthrough of principal and interest is more attractive to bond buyers.

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| ELIGIBILITY | <ul style="list-style-type: none"> • Multifamily Affordable Housing properties. • Loans underwritten to Fannie Mae Guide Requirements for tax-exempt bonds. • Refundings or new issues with in-place rehabilitation. • Immediate delivery or standby forward commitment. |
| TERM | 10 - 30 years. |
| AMORTIZATION | Up to 35 years. |
| 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. |
| ISSUER AND TRUSTEE FEES | Loan sizing must include underwriting of the Issuer and Trustee Fees; however, Issuer and Trustee Fees will be paid directly by borrower and are not enhanced or passed through by Fannie Mae. |
| MANDATORY OR OPTIONAL REDEMPTION FEATURE | No separate mandatory or optional redemptions outside of the MBS structure. |
| PREPAYMENT AVAILABILITY | Flexible prepayment options available, including yield maintenance and declining prepayment premium. |
| BOND PAYMENTS | Principal and interest payments will be based on a monthly schedule in accordance with the terms of the MBS and will flow through the bond trustee for payment to the bondholder. Payments of principal and interest under the MBS are paid in arrears on the 25th of the month based on the prior month's accrual; payment to the bondholder occurs on the following business day. |
| TAX-EXEMPT TO TAXABLE CONVERSION FEATURE | If there is a single bondholder, and subject to Issuer consent, the bondholder may pursue an option to redeem tax-exempt bonds and hold the MBS directly. For 4% LIHTC transactions, this redemption cannot occur prior to the Placed-in-Service date. |
| LOAN DOCUMENTS | Documented on Fannie Mae loan documents; issuer must utilize the Fannie Mae form Indenture. |
| 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. |

For important disclosures about Lument and the information found in this term sheet [click here](#).

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| RECOURSE | Non-recourse execution is 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. |