



Fannie Mae Tax Exempt Bond Credit Enhancement

Through the DUS Tax Exempt Bond Credit Enhancement program, Fannie Mae will provide credit enhancement for fixed or variable rate tax –exempt bonds to finance acquisitions, new construction properties, moderate or substantial rehabilitation and refinancing of existing debt. Transactions may be structured as new money issues, refunding issues, or credit substitutions where Fannie Mae takes the place of an existing credit enhancement without the issuance of new bonds.

Loan Amount	\$2,000,000 minimum
Loan Term	10 to 30 years
Amortization	Up to 30 years
Maximum Loan to Value	80% (tax exempt value). 85%-90% (conventional value)
Variable Rate	Priced off Bond Market Association Municipal Swap Index (“BMA”). Interest rate cap required
Eligible Property	Multifamily, minimum 5 units
Eligible Borrower	Single Asset Entity
Occupancy Requirements	90% physical occupancy for 60 days at application. 90 days at Commitment
Minimum Debt Service Coverage Ratio (DSCR)	1.15 to 1.25 for fixed rate. 1.20 to 1.25 for variable rate
Tax and Insurance Escrows	Monthly deposits required. May be waived if certain criteria are met
Replacement Reserves	Underwritten at a minimum \$150 per unit per annum. Monthly deposits may be waived if certain criteria are met
Recourse	Non-recourse. Standard exceptions for fraud and environmental issues can be waived for 100% restricted properties
Required Reports	Narrative MAI appraisal, Property Condition Assessment and Phase I
Assumable	Subject to approval and 1 % fee
Subordinate Financing	Allowed subject to approval
Pricing	Tiered Pricing Matrix. More favorable terms available for higher DSC and lower LTV
Rate Lock	For fixed rate bonds Rate Lock usually occurs 3-4 days before at time bonds are sold. For variable rate bonds Rate Lock is at bond market association index on the date interest rate cap purchased.
Application Deposit	\$ 20,000. Covers all estimated transaction costs (including Processing Fee)
Processing Fee	\$3,000 non-refundable
Origination Fee	Minimum 1.5%.
Legal/Closing Fee	Fees will be determined at application