



Fannie Mae

Funded Forward Commitment Affordable Housing Transactions

DESCRIPTION

Deutsche Bank Berkshire Mortgage offers competitive financing for to-be-built or substantially rehabilitated multifamily properties that have tenant income or rent restrictions based on tax-exempt bond requirements or low income housing tax credits. Loan processing and closing coordinated with qualified Construction Lender prior to construction start. Permanent loan rate may be fixed prior to start of construction through Fannie Mae cash purchase, or sale of tax-exempt bonds. Construction Lender provides Letter of Credit to Fannie Mae during construction and lease up.

BENEFITS / FEATURES

- Available for new construction or substantial rehabilitation.
- Allows Borrowers to lock in rates at start of construction.
- Increases availability of affordable housing for low- and moderate-income renters.
- Available for cash, MBS or bond (tax-exempt or taxable) financing.

LOAN STRUCTURE

LOAN AMOUNT	\$4 to \$20 million; Smaller or larger loans considered on a case-by-case basis.
LOAN TO VALUE *	85% to 90%.
DEBT SERVICE COVERAGE *	1.15x to 1.25x.
LOAN TERM	<u>Forward Commitment</u> - 24 to 30 months, interest-only. One six-month extension may be available during the construction loan period with Lender approval.
.....	<u>Permanent Loan</u> - 18 to 30 years.
AMORTIZATION	30 years; no principal payment during construction phase; interest is due, at a reduced rate on amount disbursed to Construction Lender as disbursements occur.
RECOURSE	Loans are non-recourse with standard carve-outs.
RATES	Competitive rates priced daily. Call for quote.
.....	<u>Cash Purchase</u> - Based on Fannie Mae cash pricing at time of rate lock. No hedge fees are included in rate if all funds are advanced to Construction Lender or to GIC at start of construction.
.....	<u>Tax Exempt Bonds</u> - Tax-exempt rates at time of sale of bonds plus Fannie Mae Guaranty and Servicing, and applicable bond related fees.

* Where 100% of the units are restricted and restricted rents are at least 10% below market, higher LTV and lower DSC requirements may be used. Where less than 100% of units are restricted, rents are not less than 10% below market, or amount of equity generated from tax credits is minimal, lower LTV and higher DSC parameters are applied.

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OPTIONAL FEATURES

- TAXABLE TAILS.....Taxable financing in excess of bond amount available through issuance of taxable bonds or a subordinate MBS/DUS loan.
- SUBORDINATE FINANCINGSoft secondary financing permitted up to 100% of value with Lender's consent, with 25% of cash flow remaining with Borrower after payment of first mortgage debt service.
- ASSUMABILITY Fully assumable with Lender's consent and upon payment of 1% fee.
- PREPAYMENT.....Cash Purchase - 10 to15 years yield maintenance; thereafter 1%; last 90 days at par.
Tax Exempt Bonds - In accordance with bond documents; prepayment penalty for 10 years based on a stepped payment schedule; last 90 days at par.

REQUIREMENTS

- Full third-party reports (appraisals, environmental and feasibility/pre-construction assessment).
- Construction loan security required in the form of acceptable Letters of Credit (LOCs, rated A or better), Investment Agreements (GICs or IAs, rated AA or better), or construction lender's guaranty.
- Funded replacement reserve escrow required for both new construction and substantial rehabilitation upon conversion.
- 1 - 2% Refundable Commitment Fee required at acceptance of commitment and refunded at conversion. (Letter of Credit may be acceptable in lieu of cash.)
- Delivery Assurance Fee based on yield maintenance formula.

CONVERSION REQUIREMENTS

- Completion of construction in accordance with final plans and specifications.
- Stabilized occupancy of a minimum of 90% for 90 days, at which time Letter of Credit will be released.
- Achievement of underwritten debt service coverage.
- Tax and Insurance escrows upon conversion.