

Freddie Mac Bond Credit Enhancement with 4% LIHTC Loan

GREYSTONE

Description

Bond credit enhancement supporting forward commitment or immediate financing for the development, acquisition or refinance of an affordable multifamily property with 4% Low Income Housing Tax Credits (LIHTC) with at least 7 years remaining in the tax credit benefit stream.



Type of Funding

- Funded Forward – Bond Credit Enhancement available during construction phase; letter of credit collateral required during construction phase; properties with 4% Low-Income Housing Tax Credit (LIHTC).
- Unfunded Forward – Bond Credit Enhancement upon successful conversion from construction to permanent phase; properties with 4% Low-Income Housing Tax Credit (LIHTC).
- Immediate funding – Bond Credit Enhancement for fixed-rate and variable-rate tax exempt bonds; properties with 4% LIHTC with 90% occupancy for 90 days.
- Preservation Rehabilitation – Bond Credit Enhancement for acquisition and rehabilitation based on post renovation NOI; Cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization); properties with 4% Low-Income Housing Tax Credit (LIHTC).

Markets

Nationwide

Loan Term

Minimum term of remaining LIHTC compliance period or 15 years

Maximum term of 35 years

Amortization

Up to 40 years

Loan-to-Value

Maximum 85% of adjusted value or 90% of market value for fixed-rate

Maximum 80% of adjusted value or 85% of market value for variable-rate

Debt Service Coverage

1.15x minimum for fixed-rate

1.20x minimum for variable-rate

Forward Commitment Term

Up to 36 months

Prepayment

Fee Maintenance

Subordinate Debt

Permitted subject to Freddie Mac requirements.

Recourse

Non-recourse standard cave-out provisions required.

Escrows

Taxes, insurance, and replacement reserves

Third Party Reports

Standard third-party reports inclusive of MAI appraisal, Physical Needs Assessment or Plan and Cost Review as Applicable, Environmental Phase I, Zoning, and Moisture Management reports are required; Seismic Report may be required.

Origination Fee

Minimum origination fees will vary depending on the loan characteristics.

Commitment Fee / Good Faith Deposit

Will vary depending on the loan characteristics, currently estimated at 2% (refundable)

Forward Commitment – Standby Fee

Will vary depending on the loan characteristics, currently estimated at 15 basis points per year during the Forward Commitment term.

Application and Due Diligence Fees

- \$25,000 collected with execution of loan application to cover costs of appraisal, Phase I environmental study, engineering report or other consultants' reports, travel expenses, credit reports, a non-refundable \$2,500 processing fee, any additional third-party expenses, and a \$2,500 initial deposit for legal expenses.
- 0.1% (minimum of \$3,000) fee to Freddie Mac collected with execution of loan application.

Legal Fees

Varying with characteristics of the deal

Timing

60 – 75 days from application to commitment dependent 3rd party report timing and Greystone's timely receipt of due diligence.

Rate Lock

Rate lock occurs after commitment is issued.

Assumability

Loan is assumable, subject to Freddie Mac and Servicer approval of the proposed replacement Borrower; Fees include one percent transfer fee, part of which is paid to Freddie Mac, and a processing fee to cover underwriting expenses to Freddie Mac and the Servicer.

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