

DOUGHERTY MORTGAGE LLC

Fannie Mae Unfunded Forward Commitment for 9% Low Income Housing Tax Credit (LIHTC) Properties

Summary

Fannie Mae's Multifamily Housing product line provides a forward rate lock and commitment to fund a permanent mortgage loan for multifamily properties that are eligible for 9% Low Income Housing Tax Credits (LIHTC) and undergoing new construction or substantial rehabilitation.

Eligibility:

- ❖ New Construction
- ❖ Properties undergoing substantial rehabilitation, including preservation and rural transactions.

Loan to Value: Up to 90%

Loan Term: Up to 30 months for construction and lease-up, 18 to 30 years for permanent financing

Amortization: Up to 30 years

Debt Service Coverage Ratio (DSCR): 1.15x

Interest Rate: Fixed-rate set at the time of rate lock of the Forward Commitment

Prepayment: Yield Maintenance with no prepayment penalty during the three months prior to maturity

Guaranty: Commitments are collateralized during construction via a Letter of Credit (LOC) or other acceptable collateral. Non-recourse with Standard Carve-Outs upon conversion

Subordinate Financing: Permitted subject to Fannie Mae requirements

Assumption: Available, subject to lender's review and approval and 1% fee

Tax-Exempt Funding: For properties eligible for tax-exempt financing, Dougherty & Company LLC will underwrite the tax-exempt bonds through its in-house securities broker/dealer.

Conversion Requirements and Fees

Occupancy Requirements: 90% occupancy for 90 consecutive days

Reserves: Deposits required for Replacement Reserves, Taxes, and Insurance

Processing Fee:

- ❖ Typically \$15,000 – includes cost of Third Party Reports (Appraisal, Environmental and Physical Needs Assessment) and Lender Due Diligence
- ❖ Borrower is responsible for Legal Fees and Standard Closing Costs

Commitment Fees: Competitive and negotiable

Rate Lock Fee: 3% of loan amount – refunded following delivery

Standby Fee: One-time up-front fee based on the term of the Forward Commitment

