

**FORWARD CASH/MBS COMMITMENT—
FIXED/VARIABLE RATE**

As a Special Fannie Mae Delegated Lender under the Fannie Mae Delegated Underwriting and Servicing (DUS) program, Enterprise offers mortgage loans for the new construction and substantial rehabilitation of affordable and market-rate multifamily housing. Fannie Mae purchases the DUS mortgages for cash (i.e., a cash window delivery) or Fannie Mae mortgage-backed securities (i.e., a swap for MBSs or an MBS/DUS transaction) once construction is completed, and lease-up and other requirements are satisfied. Enterprise also offers mortgage loans through Fannie Mae Bond Credit Enhancement. Enterprise's delegated lending status allows us to provide a streamlined underwriting process, flexible financing terms and the most competitive pricing on Fannie Mae financing solutions. Our Multifamily Mortgage Finance group has expertise in utilizing both tax-exempt bond credit enhancement, low-income housing tax credits and conventional lending products in layered financing deals.

AFFORDABLE PROPERTIES All properties should be affordable in nature. Tax credits or subordinate debt is preferred. Property must be newly constructed or substantially rehabilitated.

MARKET-RATE PROPERTIES There are no income restrictions on market-rate properties.

LOAN AMOUNTS Minimum \$1.5 million.

COMMITMENT TERM 18-24 months from date of rate lock.

AMORTIZATION 25- or 30-year amortization and 15- to 30-year terms to be determined at underwriting.

DEBT SERVICE COVERAGE Minimum of 1.25:1 for market-rate transactions.
Minimum of 1.15:1 for 9% transactions.
Minimum of 1.15:1 for 4% and 501(c)(3).

LOAN TO VALUE Maximum of 90%.

PROGRAM MECHANICS Fannie Mae does not assume construction or lease-up risk, but is able to forward commit on a loan amount and interest rate prior to construction, by advancing funds to an approved construction lender and relying upon the credit of the construction lender for interest payments during construction and the principal at commitment expiration if the property fails to qualify for conversion to a permanent loan. The interest rate during construction is lower than that of the permanent loan, reflecting the construction lender's credit and the fact that no servicing fee is payable to the DUS lender during construction. For selected transactions, an unfunded, forward rate lock commitment may be available.

RATE LOCK OPTIONS The interest rate on unfunded, forward commitments is locked at the time of commitment, with a stand-by fee due for the period of the forward commitment. For funded forward commitments, most borrowers choose to have the interest rate on the entire permanent loan locked in advance of construction by agreeing to have the full permanent loan amount advanced to the construction lender within 30 days of rate lock. Yet you can delay the funding of advances by: 1) locking the interest rate incrementally on four advances funded over the first year of commitment; 2) paying a "hedge fee" up front or as an addition to the interest rate, locking the entire rate in advance while spreading the funding of advances over the first year in four equal payments; or 3) requesting a standby commitment which has the lowest

cost and requires the borrower to assume all interest rate risk until the property qualifies for permanent loan delivery and the interest rate can be locked. Standby commitments may be converted to forward commitments just prior to permanent loan closing.

**FUNDED AND
UNFUNDED
FORWARD
COMMITMENTS
INTEREST RATE
AND FEES**

Rates are competitive and change daily. *Call for current rates and for information about unfunded forward commitments.* Non-refundable application fee required. Commitment fees are dependent on loan size. A standby fee of 12.5 basis points for each year of commitment is required for unfunded and mortgage-backed securities transactions.

BORROWERS

For-profit, nonprofit and joint ventures.

LENDING AREAS

Nationwide.

**TAX-EXEMPT
BONDS**

Credit enhanced private activity and 501(c)(3) bond financing for new and existing properties that require rehabilitation.

**AFFORDABLE
RENT LEVELS**

20% of all units must be affordable to families earning 50% of the area median income (AMI) or 40% of the units must be affordable to families earning 60% of AMI. Other program restrictions may apply to rents and tenant incomes. Moderate-income market-rate properties have no restrictions.

**REPLACEMENT
RESERVES**

Not less than \$300 per unit per year for family properties and \$250 per unit per year for senior properties.

**OPERATING
RESERVES**

Up to six months of debt service determined on a case-by-case basis.

PREPAYMENT

Lock out for 10 to 15 years for affordable properties. Yield maintenance requirements in effect during lockout period.

FEATURES

All loans are fully assumable, include no personal liability and feature a long-term fixed interest rate, which is locked at, or just prior to, construction loan closing.

**SUBORDINATE
DEBT**

For affordable properties, no DSC or LTV requirements for soft subordinate debt. Permitted with a minimum debt service coverage of 1.05:1.0 and maximum LTV of 95% for must pay subordinate debt.

**GOOD FAITH
DEPOSIT**

For taxable forward commitments: 2% paid in cash or letter of credit and a Fannie Mae Yield Maintenance note secured by subordinate mortgages required at commitment. All deposits refunded at closing. For tax-exempt forward commitments: 1% paid in cash, letter of credit or a note.

**THIRD PARTY
REPORTS**

Paid in advance of contracting all third party contractors (Appraisal, Market Study, Environmental, Enterprise Site Visits, Management Review, Engineering, Plans and Specs Review, Credit and Enterprise Legal)

**CONVERSION
REQUIREMENTS**

Forward commitments are converted to permanent loans upon: 1) the satisfactory completion of construction in accordance to the specifications determined at the time of initial underwriting; 2) completion of lease-up and stabilization as evidenced by 3 consecutive rent rolls, certified and dated at one month intervals showing 90% or greater occupancy; and 3) the achievement of the NOI estimated in the original underwriting.