

Arbor offers an Unfunded Forward Commitment to issue an MBS upon completion of construction and conversion to a permanent mortgage loan for multifamily affordable properties. The MBS as Collateral for Tax-Exempt Bonds (MTEB) execution is an available option for 4% and 9% LIHTC transactions.

Benefits

- Protection from interest rate volatility by locking the interest rate and other key provisions prior to construction
- Single asset security allows for customized loan structures
- Certainty and speed of execution
- MTEB execution offers optional reimbursement of certain costs of issuance up to 75 bps

Eligibility

- LIHTC new construction and properties undergoing substantial rehabilitation, including preservation and rural transactions
- Lenders approved to deliver forward commitments under Fannie Mae's Affordable Housing product line

Interest Rate

- 4% LIHTC: Fixed- or Variable-Rate
- 9% LIHTC: Fixed-Rate

Good Faith Deposit

1% of the amount of the Forward Commitment, due at issuance of the Forward Commitment, and refundable upon conversion to the permanent Mortgage Loan.

Forward Rate Lock

- 4% LIHTC: 24- to 36-month commitments; up to two delegated six-month extensions available
- 9% LIHTC: 24- to 36-month commitments; one delegated six-month extension available

Forward Commitment Standby Fee

- 4% LIHTC: 15 bps per year paid up front prior to Rate Lock
- 9% LIHTC: 10 bps paid up front prior to Rate Lock

Conversion to Permanent Mortgage Loan

The permanent Mortgage Loan will close upon project completion and the issuance of certificates of occupancy for all units and at least 90% occupancy for 90 consecutive days.

Permanent Mortgage Loan Key Terms

The permanent Mortgage Loan must meet Fannie Mae's underwriting requirements.

Additional Considerations

- 4% LIHTC: During the construction phase, the MTEB execution requires the bonds to be cash collateralized with proceeds of a side-by-side construction loan and bond loan. The MBS will be delivered as bond collateral after conversion, following the MTEB delivery guidelines.
- 9% LIHTC: Second Lien Delivery Assurance Note and Security Instrument are necessary if required by Fannie Mae or the bond investor.

Amortization

Up to 35 years

Maximum LTV

- For 4% LIHTC: 90% for Mortgage Loans secured by a property with at least 90% of units meeting affordability requirements; 85% for a property with less than 90% of units meeting affordability requirements; 80% for refundings
- For 9% LIHTC: 90%

Minimum DSCR

- For 4% LIHTC: 1.15x for Mortgage Loans secured by a property with at least 90% of units meeting affordability requirements; 1.20x for refundings and properties with less than 90% of units meeting affordability requirements
- For 9% LIHTC: 1.15x