



**Spring Policy Forum
May 20 – 21, 2010**

Fannie Mae, Freddie Mac & FHA/HUD

**Affordable Housing
Product Offerings**



FREDDIE MAC

Bond Credit Enhancement with 4% LIHTC

Product Summary	Forward Commitment	Immediate Funding	Moderate Rehabilitation
Product Description	Bond credit enhancement provided for new construction or substantial rehabilitation of affordable multifamily properties	Bond credit enhancement provided for acquisition or refinancing of stabilized affordable multifamily properties	Bond credit enhancement provided for the moderate rehabilitation (with tenants in place) for the acquisition or refinancing of stabilized affordable multifamily properties
Type of Funding	Bond credit enhancement for fixed- or variable-rate bonds available during construction phase; Bond credit enhancement during permanent phase following conversion	Bond credit enhancement for fixed- or variable-rate bonds	Bond credit enhancement for fixed- or variable-rate bond acquisition/rehabilitation; based on projected post-rehab NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization). Interest only during the rehabilitation/stabilization period.
Minimum Debt Coverage Ratio	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 1.20x; 1.25x for cash-out refinance • Fixed-rate and variable rate with minimum 10-year swap: 1.15x; 1.20x for cash-out refinance 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 1.20x; 1.25x for cash-out refinance • Fixed-rate and variable rate with minimum 10-year swap: 1.15x; 1.20x for cash-out refinance 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 1.20x; 1.25x for cash-out refinance • Fixed-rate and variable rate with minimum 10-year swap: 1.15x; 1.20x for cash-out refinance
Maximum Loan-to-Value	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 80% of adjusted value or 85% of market value • Fixed-rate and variable rate with minimum 10-year swap: 85% of adjusted value or 90% of market value • HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 80% of adjusted value or 85% of market value • Fixed-rate and variable rate with minimum 10-year swap: 85% of adjusted value or 90% of market value • HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 80% of adjusted value or 85% of market value • Fixed-rate and variable rate with minimum 10-year swap: 85% of adjusted value or 90% of market value • HUD Risk Sharing (fixed-rate only): 90% of adjusted value
Loan Term	18 - 35 years	10 - 35 years	15 - 35 years
Construction Loan Term	Max forward commitment term: 36 months plus a free 6-month extension	N/A	N/A
Maximum Amortization	35 years (40 years in very select markets)	35 years (40 years in very select markets)	35 years (40 years in very select markets)
Subordinate Financing	Permitted	Permitted	Permitted
Interest Rate Range	5.50% - 6.25%	2.85% - 5.75%	2.85% - 5.75%
Transaction Costs *	2.0% - 3.0%	3.0% - 4.0%	2.0% - 4.0%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the Freddie Mac loan



Please contact Tim Leonhard at 817-310-5800 or tleonhard@oakgrovecap.com for more information.

FREDDIE MAC

Bond Credit Enhancement without 4% LIHTC

Product Summary	Forward Commitment	Immediate Funding	Moderate Rehabilitation
Product Description	Bond credit enhancement provided for new construction or substantial rehabilitation of affordable multifamily properties	Bond credit enhancement provided for acquisition or refinance of stabilized affordable multifamily properties	Bond credit enhancement provided for the moderate rehabilitation (with tenants in place) for the acquisition or refinance of stabilized affordable multifamily properties
Eligible Properties	Garden, mid-rise and high-rise multifamily properties with minimum occupancies of 90% for 90 consecutive days	Garden, mid-rise and high-rise multifamily properties with minimum occupancies of 90% for 90 consecutive days	Garden, mid-rise and high-rise multifamily properties with minimum occupancies of 90% for 90 consecutive days
Type of Funding	Bond credit enhancement for fixed- or variable-rate bonds available during construction phase; Bond credit enhancement during permanent phase following conversion	Bond credit enhancement for fixed- or variable-rate bonds	Bond credit enhancement for fixed- or variable-rate bond acquisition/rehabilitation; based on projected post-rehab NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization). Interest only during the rehabilitation/stabilization period.
Minimum Debt Coverage Ratio	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 1.25x; 1.30x for cash-out refinance • Fixed-rate and variable rate with minimum 10-year swap: 1.25x; 1.30x for cash-out refinance 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 1.25x; 1.30x for cash-out refinance • Fixed-rate and variable rate with minimum 10-year swap: 1.25x; 1.30x for cash-out refinance 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 1.25x; 1.30x for cash-out refinance • Fixed-rate and variable rate with minimum 10-year swap: 1.25x; 1.30x for cash-out refinance
Maximum Loan-to-Value	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 80% of adjusted value or 85% of market value • Fixed-rate and variable rate with minimum 10-year swap: 85% of adjusted value or 90% of market value • HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 80% of adjusted value or 85% of market value • Fixed-rate and variable rate with minimum 10-year swap: 85% of adjusted value or 90% of market value • HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> • Variable-rate with cap hedge: 80% of adjusted value or 85% of market value • Fixed-rate and variable rate with minimum 10-year swap: 85% of adjusted value or 90% of market value • HUD Risk Sharing (fixed-rate only): 90% of adjusted value
Loan Term	10 - 35 years	10 - 35 years	10 – 35 years
Construction Loan Term	Max forward commitment term: 36 months plus a free 6-month extension	N/A	N/A
Maximum Amortization	35 years (40 years in very select markets)	35 years (40 years in very select markets)	35 years (40 years in very select markets)
Subordinate Financing	Permitted	Permitted	Permitted
Interest Rate Range	5.50% - 6.25%	2.85% - 5.75%	2.85% - 5.75%
Transaction Costs *	2.0% - 3.0%	3.0% - 4.0%	2.0% - 4.0%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the Freddie Mac loan



Please contact Tim Leonhard at 817-310-5800 or tleonhard@oakgrovecap.com for more information.

FREDDIE MAC

9% LIHTC Mortgage / Cash Refinancing Loans

Product Summary	Forward Commitment	Immediate Funding	Moderate Rehabilitation
Product Description	Forward commitment for new construction or substantial rehabilitation of affordable multifamily properties with 9% LIHTC	Financing for the acquisition or refinance of stabilized affordable multifamily properties with 9% LIHTC	Financing for the moderate rehabilitation (with tenants in place) of affordable multifamily properties with 9% LIHTC
Type of Funding	Funded construction financing available; permanent financing at conversion	Permanent financing	Financing for acquisition/rehabilitation; based on projected post-rehab NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization). Interest only during the moderate rehabilitation period.
Minimum Debt Coverage Ratio	1.15x (1.10x w/ HUD Risk Sharing) <u>Cash-out Refinance:</u> 1.20x (1.15x w/ HUD Risk Sharing)	1.15x (1.10x w/ HUD Risk Sharing) <u>Cash-out Refinance:</u> 1.20x (1.15x w/ HUD Risk Sharing)	1.15x (1.10x w/ HUD Risk Sharing) <u>Cash-out Refinance:</u> 1.20x (1.15x w/ HUD Risk Sharing)
Maximum Loan-to-Value	90% of market value	90% of market value	90% of market value
Loan Term	15 - 35 years	5 - 35 years	15 - 35 years
Construction Loan Term	Max forward commitment term: 36 months plus a free 6-month extension	N/A	N/A
Maximum Amortization	35 years (40 years in very select markets)	35 years (40 years in very select markets)	35 years (40 years in very select markets)
Subordinate Financing	Permitted	Permitted	Permitted
Interest Rate Range	8.50% - 9.00%	5.25% - 7.35%	6.75% - 7.35%
Transaction Costs *	2.0% - 3.0%	1.5% - 2.0%	1.5% - 2.5%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the Freddie Mac loan

FANNIE MAE

Bond Credit Enhancement with 4% LIHTC

Product Summary	Forward Commitment	Immediate Funding	Moderate Rehabilitation
Product Description	Bond credit enhancement provided for new construction or substantial rehabilitation of affordable multifamily properties	Bond credit enhancement provided for acquisition or refinance of stabilized affordable multifamily properties	Bond credit enhancement provided for the moderate rehabilitation (with tenants in place) for the acquisition or refinance of stabilized affordable multifamily properties
Type of Funding	Bond credit enhancement for fixed-rate bonds available during construction phase; Bond credit enhancement during permanent phase following conversion	Bond credit enhancement for fixed-rate bonds	Bond credit enhancement for fixed-rate bond acquisition/rehabilitation; based on projected post-rehab NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization). Interest only during the rehabilitation/stabilization period.
Minimum Debt Coverage Ratio	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 1.15x; 1.20x for cash-out refinance 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 1.15x; 1.20x for cash-out refinance 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 1.15x; 1.20x for cash-out refinance
Maximum Loan-to-Value	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 85% of adjusted value or 90% of market value HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 85% of adjusted value or 90% of market value HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 85% of adjusted value or 90% of market value HUD Risk Sharing (fixed-rate only): 90% of adjusted value
Loan Term	18 - 30 years	10 - 30 years	15 – 30 years
Construction Loan Term	Max forward commitment term: 30 months plus a free 6-month extension	N/A	N/A
Maximum Amortization	30 years (35 years in very select markets)	30 years (35 years in very select markets)	30 years (35 years in very select markets)
Subordinate Financing	Permitted	Permitted	Permitted
Interest Rate Range	5.50% - 6.25%	5.25% - 5.75%	5.25% - 5.75%
Transaction Costs *	2.0% - 3.0%	2.0% - 3.0%	2.0% - 3.0%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the Fannie Mae loan

FANNIE MAE

Bond Credit Enhancement without 4% LIHTC

Product Summary	Forward Commitment	Immediate Funding	Moderate Rehabilitation
Product Description	Bond credit enhancement provided for new construction or substantial rehabilitation of affordable multifamily properties	Bond credit enhancement provided for acquisition or refinance of stabilized affordable multifamily properties	Bond credit enhancement provided for the moderate rehabilitation (with tenants in place) for the acquisition or refinance of stabilized affordable multifamily properties
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Type of Funding	Bond credit enhancement for fixed- rate bonds available during construction phase; Bond credit enhancement during permanent phase following conversion	Bond credit enhancement for fixed- rate bonds	Bond credit enhancement for fixed- rate bond acquisition/rehabilitation; based on projected post-rehab NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization). Interest only during the rehabilitation/stabilization period.
Minimum Debt Coverage Ratio	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 1.25x; 1.30x for cash-out refinance 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 1.25x; 1.30x for cash-out refinance 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 1.25x; 1.30x for cash-out refinance
Maximum Loan-to-Value	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 85% of adjusted value or 90% of market value HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 85% of adjusted value or 90% of market value HUD Risk Sharing (fixed-rate only): 90% of adjusted value 	<ul style="list-style-type: none"> Fixed-rate with minimum 10-year term bond: 85% of adjusted value or 90% of market value HUD Risk Sharing (fixed-rate only): 90% of adjusted value
Loan Term	10 - 30 years	10 - 30 years	10 – 30 years
Construction Loan Term	Max forward commitment term: 30 months plus a free 6-month extension	N/A	N/A
Maximum Amortization	30 years (35 years in very select markets)	30 years (35 years in very select markets)	30 years (35 years in very select markets)
Subordinate Financing	Permitted	Permitted	Permitted
Interest Rate Range	5.50% - 6.25%	5.25% - 5.75%	5.25% - 5.75%
Transaction Costs *	2.0% - 3.0%	2.0% - 3.0%	2.0% - 3.0%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the Fannie Mae loan

FANNIE MAE

9% LIHTC Mortgage / Cash Refinancing Loans

Product Summary	Forward Commitment	Immediate Funding	Moderate Rehabilitation
Product Description	Forward commitment for new construction or substantial rehabilitation of affordable multifamily properties with 9% LIHTC	Financing for the acquisition or refinance of stabilized affordable multifamily properties with 9% LIHTC	Financing for the moderate rehabilitation (with tenants in place) of affordable multifamily properties with 9% LIHTC
Type of Funding	Funded construction financing available; permanent financing at conversion	Permanent financing	Financing for acquisition/rehabilitation; based on projected post-rehab NOI; cash or letter of credit collateral required to fund gap between supportable debt on current NOI and mortgage amount (collateral held until stabilization). Interest only during the moderate rehabilitation period.
Minimum Debt Coverage Ratio	1.15x (1.10x w/ HUD Risk Sharing) <u>Cash-out Refinance:</u> 1.20x (1.15x w/ HUD Risk Sharing)	1.15x (1.10x w/ HUD Risk Sharing) <u>Cash-out Refinance:</u> 1.20x (1.15x w/ HUD Risk Sharing)	1.15x (1.10x w/ HUD Risk Sharing) <u>Cash-out Refinance:</u> 1.20x (1.15x w/ HUD Risk Sharing)
Maximum Loan-to-Value	90% of market value	90% of market value	90% of market value
Loan Term	15 - 30 years	5 - 30 years	15 – 30 years
Construction Loan Term	Max forward commitment term: 30 months plus a free 6-month extension	N/A	N/A
Maximum Amortization	30 years (35 years in very select markets)	30 years (35 years in very select markets)	30 years (35 years in very select markets)
Subordinate Financing	Permitted	Permitted	Permitted
Interest Rate Range	8.50% - 9.00%	5.25% - 7.35%	6.75% - 7.35%
Transaction Costs *	2.0% - 3.0%	1.5% - 2.0%	1.5% - 2.5%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the Fannie Mae loan

FHA / HUD

Refinance/Acquisition & New Construction/ Substantial Rehabilitation (9% LIHTC/Taxable or 4% LIHTC/Tax-exempt loans)

Product Summary	223(f)	221(d)(4)
Product Description	Provides mortgage insurance for existing apartment projects to facilitate the refinancing or purchase of projects at least three years old.	Provides mortgage insurance for new construction and substantial rehabilitation.
Type of Funding	Permanent financing	Construction/Permanent financing
Minimum Debt Coverage Ratio	LIHTC – 1.1765x	LIHTC – 1.15x
Maximum Loan	For a refinance, the lesser of: 1. 85% of value plus costs; or 2. 80% of value in the case of cash-out For an acquisition, the lesser of: 1. 85% of acquisition cost (i.e.,	the lesser of: 1. 85% of replacement cost, or 2. Amount of debt that can be serviced by 85% of net income. 3. HUD statutory limits
Loan Term	Up to 35 years	Up to 40 years
Maximum Amortization	35 years, fully amortizing	40 years, fully amortizing
Wage Requirements	Adherence to Davis-Bacon prevailing wage laws is <u>not</u> required	Adherence to Davis-Bacon prevailing wage laws is required
Prepayment	Typically locked-out for two (2) years then open at 8% in year 3, declining 1% per year thereafter, and open at par after year 10. Prepayment can vary based on the needs of the client.	Typically locked-out for the construction period and for two (2) years after construction then open at 8% in year 3, declining 1% per year thereafter, and open at par after year 10. Prepayment can vary based on the needs of the client.
Mortgage Insurance Premium (MIP)	1.00% for the first year (payable at closing) and thereafter 0.45% of the outstanding loan amount annually.	0.45% at closing for each year of the construction period, then 0.45% annually.
FHA/HUD Application Fee	A non-refundable fee of 0.3% of the mortgage amount is payable to FHA at the time of application	A non-refundable fee of 0.3% of the mortgage amount is payable to FHA at the time of application
Inspection Fee	The greater of 1% of HUD required repair costs or \$30/unit.	For New Construction projects, 0.5% of the mortgage amount. For Sub-Rehabilitation Projects, 0.5% of the cost of improvements.
Initial Deposit to Replacement Reserves	Two (2) years upfront	Not Applicable
Subordinate Financing	Permitted	Permitted
Interest Rate Range	5.00% - 5.50%	6.00% - 6.50%
Transaction Costs *	3.0% - 4.0%	4.0% - 5.0%

* Transaction costs exclude refundable rate lock fees and all closing costs not related to the FHA/HUD loan
Note: All terms assume the new FHA/HUD program requirements effective June 2010