

# Agency Loan Product Comparison

## Fannie Mae MTEB vs Freddie TEL (4% LIHTC)

### Standby Forward: Substantial Rehabilitation or New Construction

	Fannie Mae MTEB	Freddie Mac TEL
Term	15 years (up to 30 years)	15 years (up to 30 years)
Maximum Amortization	35 – 40* years	35 – 40* years
Forward Period	up to 36 months plus one 6-month extension	up to 36 months plus one 6-month extension
Minimum DCR	1.15x	1.15x
Maximum LTV	90%	90%
Prepayment Type	Fee Maint. or Yield Maint.	Yield Maint. after lock out period
Standby Fee	0.15%/yr of Forward (paid upfront)	0.15%/yr of Forward (paid upfront)
Forward Commitment Fee	1.00% (refunded at conversion)	2.00% (refunded at conversion)
Conversion Requirements	90% occupancy for 90 consecutive days. Achievement of minimum DCR based on actuals.	90% occupancy for 90 consecutive days. Achievement of minimum DCR based on actuals.

\*Waiver required for 40 year amortization

	Fannie Mae MTEB	Freddie Mac TEL
Structure	<ul style="list-style-type: none"> <li>• Tax-exempt bonds sold through an underwriter to investors.</li> <li>• Bond proceeds are held by trustee.</li> <li>• During construction/lease-up period, bonds are cash collateralized by construction loan draws.</li> <li>• At conversion, cash collateral is replaced by Fannie Mae MBS.</li> </ul>	<ul style="list-style-type: none"> <li>• Forward commitment and rate lock provided by Freddie Mac to purchase tax-exempt loan at conversion.</li> <li>• During construction/lease-up period, construction lender provides tax-exempt loan draws.</li> <li>• Similar to private placement, no bond underwriter required.</li> </ul>
Interest Rate	<ul style="list-style-type: none"> <li>• G&amp;S plus a tax-exempt bond rate.</li> <li>• Bonds priced at market 1-week prior to closing.</li> </ul>	<ul style="list-style-type: none"> <li>• 10-year U.S. Treasury plus Freddie Mac spread.</li> <li>• Spread includes forward premium.</li> <li>• Rate lock occurs 1-week prior to closing.</li> </ul>
Negative Arbitrage	<ul style="list-style-type: none"> <li>• Difference between bond rate and reinvestment rate during forward period.</li> <li>• Generally 1.00 - 1.50% per annum.</li> </ul>	None
Transaction Cost	Bond Underwriter + Underwriter Counsel + Rating Agency Fees	No Bond Underwriter or Underwriter Counsel
Interest Rate Protection	<ul style="list-style-type: none"> <li>• G&amp;S generally held through closing.</li> <li>• Bond rate fluctuates with market until bond pricing.</li> </ul>	<ul style="list-style-type: none"> <li>• Freddie spread held 90-150 days prior to closing.</li> <li>• Early index lock available provided 2.00% IL deposit.</li> </ul>

# Fannie Mae MTEB vs. Freddie Mac TEL

24 month Forward Period

Interest Rates	Fannie Mae M.TEB	Freddie Mac TEL
Net Operating Income	\$1,000,000	\$1,000,000
Loan to Value/ DCR	90%	90%
Debt Service Coverage Ratio	1.15x	1.15x
Amortization	35 years	35 years
Approximate Rate	3.50%	4.00%
Max Loan Amount	\$17,533,000	\$16,365,000
Cost Description	Transactions Cost Variances	
Lender Fees	\$175,300	\$163,650
Underwriter Fees	\$175,300	-
Lender Counsel	\$65,000	\$65,000
Underwriter Counsel	\$50,000	-
Agency Application fee	-	\$16,365
Rating Agency Fees	\$15,000	-
Trustee Fees/ Counsel	\$6,000	\$6,000
<b>Negative Arbitrage</b>	<b>\$385,726</b>	<b>-</b>
Total	\$872,3226	\$251,015
Transaction Cost Difference	\$621,311	
Loan Proceeds Difference	\$1,168,000	
Net Difference	\$546,689	