

Bond Credit Enhancement

Citi Community Capital (Citi) arranges for “AAA” rated bond credit enhancement for taxable and tax exempt bonds through a Direct Pay Credit Enhancement Agreement with Freddie Mac or Fannie Mae (the “Agency” or collectively “Agencies”). This program is currently applicable to the New Issue Bond Program.

9% Affordable Unfunded Agency Forward with Rate Lock	
Bond Rating:	“AAA” with guarantee of timely payment of principal and interest
Loan Amount:	\$3 million and up
Min. DSC Ratio:	1.15 to 1.20 times depending upon Program and Market
Max LTV:	80% to 90%
Term:	Up to 30 years
Amortization:	Up to 35 years
Loan Type:	The Agencies are permanent lenders and do not take on construction period risk, thus during the construction and lease-up phase, Citi or other acceptable construction lender, acts as the interim lender and delivers an acceptable Letter of Credit or alternative credit support to the Agency until the property stabilizes and meets the Agency Permanent Loan Conversion Conditions.
Interest Rate Mode:	Variable and Fixed. Variable Rates are Seven Day Variable Rate Demand Bonds which float relative to SIFMA and Fixed Rate Bonds can have rate resets or hard maturities ranging from 10 to 30 years.
Permanent Loan Conversion Requirements:	Property must be 90% physically occupied for 90 consecutive days prior to Conversion. The property must also have been satisfactorily completed and must satisfy minimum Effective Gross Income and Expense tests at the time of Conversion.
Recourse:	Non-recourse with standard Agency carve outs.
Origination Fee:	1% - 2% (minimum \$25,000).
Application Deposit:	Typically \$25,000 (For third party reports and initial legal fees) 1% Non-Refundable Fee to Freddie Mac for Variable Rate Deals and 0.10% for Fixed Rate Deals.
Prepayment:	Subject to fee maintenance.
Loan Security:	First lien mortgage (upon Conversion).
Assumability:	With Citi approval and payment of 1% assumption fee and \$3,000 processing fee.
Subordinate Financing:	Subject to Citi guidelines

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Reserves:	Taxes, Insurance, Replacement Reserves and Interest Rate Cap (if Variable),. Operating Deficit Reserve may be required for certain transactions.
Normal Processing Time:	60 to 90 days from the receipt of the signed application, check, and due diligence materials.
Closing Conditions:	Standard industry due diligence

For more information, please contact
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