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MEMO TO: SELECTED CLIENTS, COLLEAGUES AND FRIENDS

FROM: R. WADE NORRIS, ESQ.  
RYAN GEORGE, ESQ.  
ETHAN OSTROW, ESQ.

RE: NGO MATERIALS ON MAJOR TAX-EXEMPT DEBT EXECUTIONS IN THE  
POST-COVID 19 INTEREST RATE WORLD

Ladies and Gentlemen,

As you know, at Norris George & Ostrow PLLC we continuously focus on major developments and trends which impact the tax-exempt debt side of affordable multifamily rental finance, and we work with our clients to develop and implement innovative financing structures in light of our ever-changing environment. Given the dramatic changes in the financing markets triggered by the COVID-19 Pandemic, we spent the past six weeks assessing its impact on our tax-exempt debt executions, and we wanted to share some of those thoughts and analyses with you.

In the first two months of 2020 both short and long-term interest rates were dramatically lower (by 200 basis points or more) than the recent highs reached in 2018 and 2019, and financing conditions were among the best we have seen in recent times. Of course, this changed very abruptly in mid-March. We all vividly remember the market freeze and interest rate spike which occurred when the nation panicked over the potential adverse impacts of the COVID-19 Pandemic. After that harrowing experience, both short-term and long-term interest rates have once again declined substantially and today generally stand even a bit lower than the very low levels which prevailed in early March. Even though some weakness has developed on the 4% LIHTC side and private activity bond volume continues to be an issue in a number of high growth markets, the pace of closings and new loan applications has held up much more strongly than we would have anticipated this spring in light of the widespread adverse impact of the Pandemic.

We have enclosed three items which we hope will be helpful to you in assessing where we are in these financings, the optimal financing structures and current all-in borrowing rates under the major financing structures we use, and how our industry may fare in the months ahead.

1. A July 26, 2020 article by Wade entitled Major Tax-Exempt Multifamily Rental Housing Debt Executions in the Post-Covid-19 Interest Rate World.
2. A June 12, 2020 PowerPoint entitled Fannie Mae Tax-Exempt MBS Pass-Through Bonds (“M.TEBs”).
3. A June 16, 2020 PowerPoint entitled Combining Tax-Exempt, Short-Term Bonds with Taxable GNMA Sale on FHA and Rural Development Loans for Affordable Apartment Financings – Executive Summary.

We hope you will find these items to be helpful and informative. These items are also available on our website at [www.ngomunis.com](http://www.ngomunis.com). We look forward to working with you on many of these financings as this challenging year continues to unfold. We would love to discuss any aspect of these financings with you.

Best regards,

Wade Norris  
Ryan George  
Ethan Ostrow

Enclosures