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THE POSITVE OUTLOOK FOR TAX-EXEMPT MULTIFAMILY HOUSING BOND FINANCING – POWERFUL UNDERLYING TRENDS AND A POTENTIAL NEW DAWN FOR THE GSE's*

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At Norris George & Ostrow PLLC, we have always prided ourselves on spotting major industry trends before they have fully emerged and working with our clients to develop new tax-exempt debt structures and products which will provide the best executions in the months and years to come.[1] Everyone is aware that interest rates in general have risen over the past year, with the 10-year U.S. Treasury rate having moved up around 100 basis points from a low of 52 basis points last August 4 to around 1.50% today. Moreover, dramatic increases in costs of materials and labor which have emerged since the spring of 2020 have presented significant industry challenges, and while the huge federal stimulus and humane policies embedded in the COVID-19 Pandemic relief legislation have resulted in much lower disruption in project cash flows than we feared at the beginning of the Pandemic, recovery by borrowers in cumulative rent collections is still down in many markets at least several percentage points below where it was prior to the Pandemic.

Of course, over the past year, there have also been strong positive developments for affordable rental housing. These include, very generally, but of huge importance, the election of

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* Copyright © July 12, 2021 by R. Wade Norris, Esq. All rights reserved. This document may not be reproduced without the prior written permission of the author. GSEs refers to Fannie Mae and Freddie Mac, as our country's two "Government Sponsored Enterprises."

[1] For recent examples, we think our October 10, 2019, Letter to California State Treasurer Fiona Ma and our February 17, 2020, PowerPoint entitled "The Rapidly Emerging World of Scarce Private Activity Bond Volume" were industry wake-up calls to the increasing scarcity of private activity bond volume in California and a number of other states. For an update, see our March 3, 2021 PowerPoint entitled "Private Activity Bond Volume—Greater Tightening, Recycling and Other Possible Relief". We've also done pioneering work with the California Municipal Finance Authority (the "CMFA") to develop what is expected to become the State's largest multifamily housing bond recycling facility, and we are helping other issuers setup recycling programs. See our April 6, 2021 article entitled "Establishing a Multifamily Rental Housing Bond Recycling Program". These items and other recent publications referenced in this article are available on our website at www.ngomunis.com.

a President and Congress much friendlier to affordable housing than was the case prior to January 20. In addition, passage of legislation making the 4% low income housing tax credit a true 4% boosted this funding source, which provides 35-40% of total development cost on numerous deals by 15-20%. This offsets a roughly 5-8% rise in total development costs on those financings.

The focus of this article is on the positive developments which are supporting the other side of the financing – the tax-exempt debt side – which funds roughly 60-70% of total development cost on most 100% affordable 4% LIHTC financings. These positive tax-exempt debt side developments are now also providing increased funding for up to 80-100% of total development cost on Section 501(c)(3) and "governmental purpose" financings – which carry no tax credits, but require no private activity bond volume allocation.

The Post-2008 World of "Upside-down" Interest Rates

It is interesting to step back and take a long view of taxable versus tax-exempt interest rates. As the following chart shows, for decades **before the financial crisis in 2008**, **long-term AAA rated tax-exempt rates were lower than comparable taxable rates**, such as those on a U.S. Treasury Bond of the same maturity.[2] But now, **flash forward to early 2009**, after **debt-side investors all over the world lost trillions of dollars on long-term debt instruments** which were often rated Aaa/AAA and became worthless or dropped in value to 5 or 10 cents on the dollar.

The result? A tectonic shift in the demand for all types of debt instruments. The demand for U.S. Treasuries and other full faith and credit obligations of the U.S. Government went through the roof, and the demand for everything else – including Aaa or AAA rated municipal bonds – fell precipitously. The chart on the following page compares the tax-exempt Bond Buyer 20-Bond GO Index[3] (blue line) to the 20-Year U.S. Treasury Bond Yield (red line). As the chart shows, immediately following the 2008 financial crisis, **in January 2009 these rates had suddenly turned 300 basis points "upside down"**. In recent years, the upside down rate trend is reversing very slowly; over the last several years, it has improved to an upside down gap of about 100 basis points or so, and more recently (see the right-hand side of the chart) it appears to have almost approached break-even.

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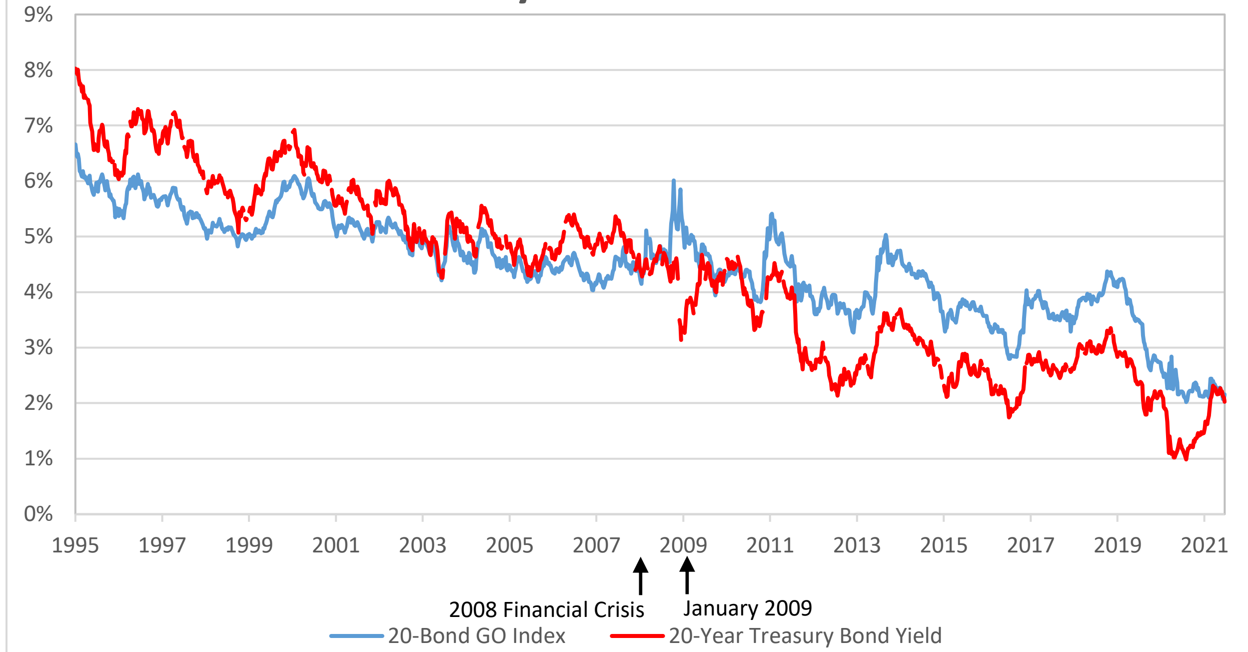
[2] Common sense tells you that a bond buyer will accept a substantially lower yield on a tax-exempt municipal bond than on a comparably rated taxable obligation, because the bondholder will not have to pay federal, and in many instances, state income taxes, on the interest it receives. This was a basic truism for decades until 2008. Since early 2009, it has not been true with respect to U.S. Treasury Bonds; although the "upside down" interest rate close gap is narrowing, as further discussed below. Even at the same rating level, U.S. Treasuries have some significant offsetting advantages over muni bonds – absolutely pristine credit quality, a huge low-cost secondary market and a very predicable payment stream (no optional or other redemption features).

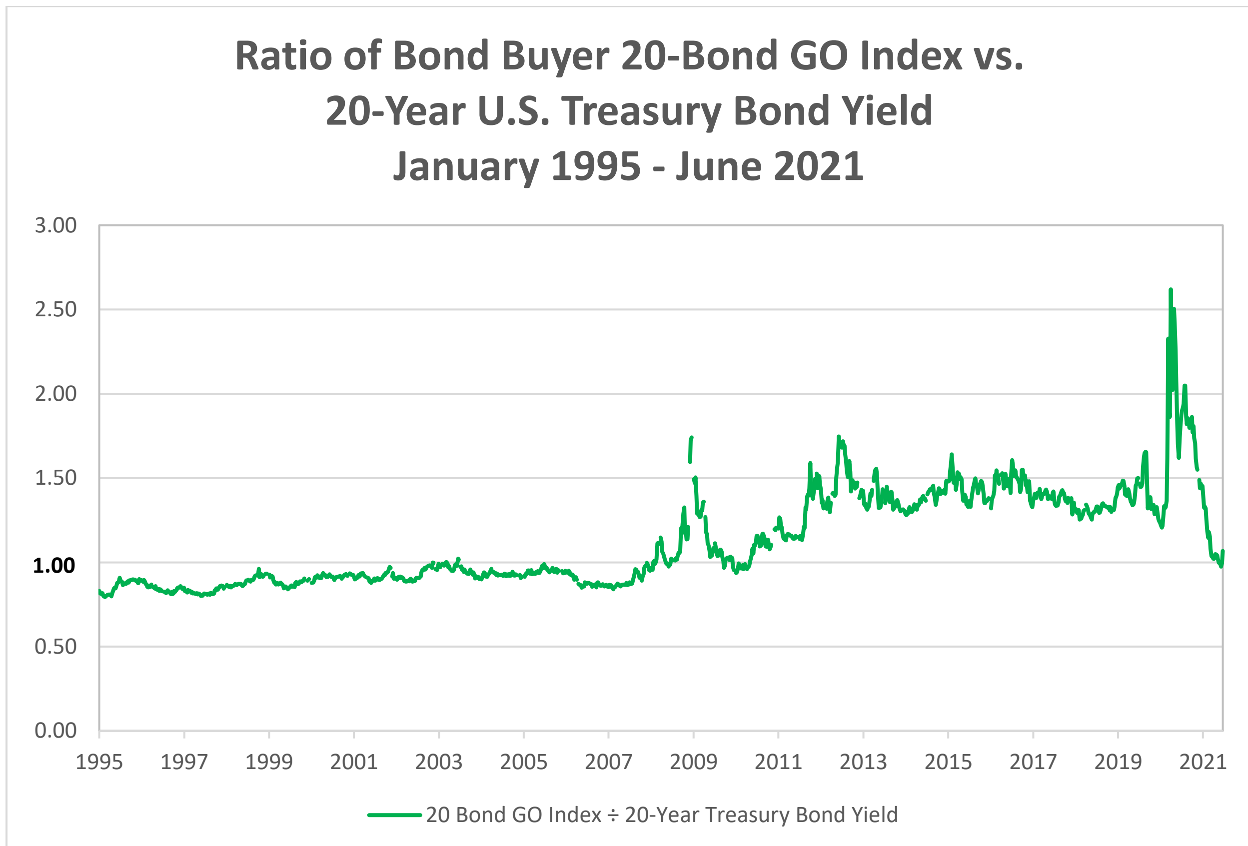
[3] The Bond Buyer 20-Bond GO Index is an index published daily by the Bond Buyer, whose value is based on a survey of what municipal bond traders estimate will be the yield of a portfolio of 20 general obligation municipal bonds maturing in 20 years, rated Aa2 by Moody's or AA by Standard & Poor's. We have chosen to compare the Bond Buyer 20-Bond GO Index to the yield on the 20-year U.S. Treasury, since the permanent interest rate on most tax-exempt affordable housing bond or loan issues is set at a balloon maturity ranging from 16 to 19 years.



- **Post-2008 Financial Crisis: Major Long-Term surge in Demand for Taxable U.S. Treasury Bonds versus all other debt**, including Tax-Exempt Muni Bonds.
- **January 2009** (Upward arrow) – **Rates 300 basis points "upside down."**
- This distrust of all other forms of debt versus U.S. Treasury Bonds is easing but still exists today – almost 13 years after the financial crisis.

As the right-hand side of the chart implies, and the analysis below supports, **there appears to have emerged, especially over the past two years, a dramatically enhanced demand for tax-exempt municipal bonds**, which has improved all executions based on tax-exempt versus taxable rates. This may be pushing us back in the direction of a "right-side up" interest rate world. Note on the right-handed side of this chart, the rate on the Bond Buyer 20-Bond GO Index **very recently** is about even with the 20-year U.S. Treasury rate.

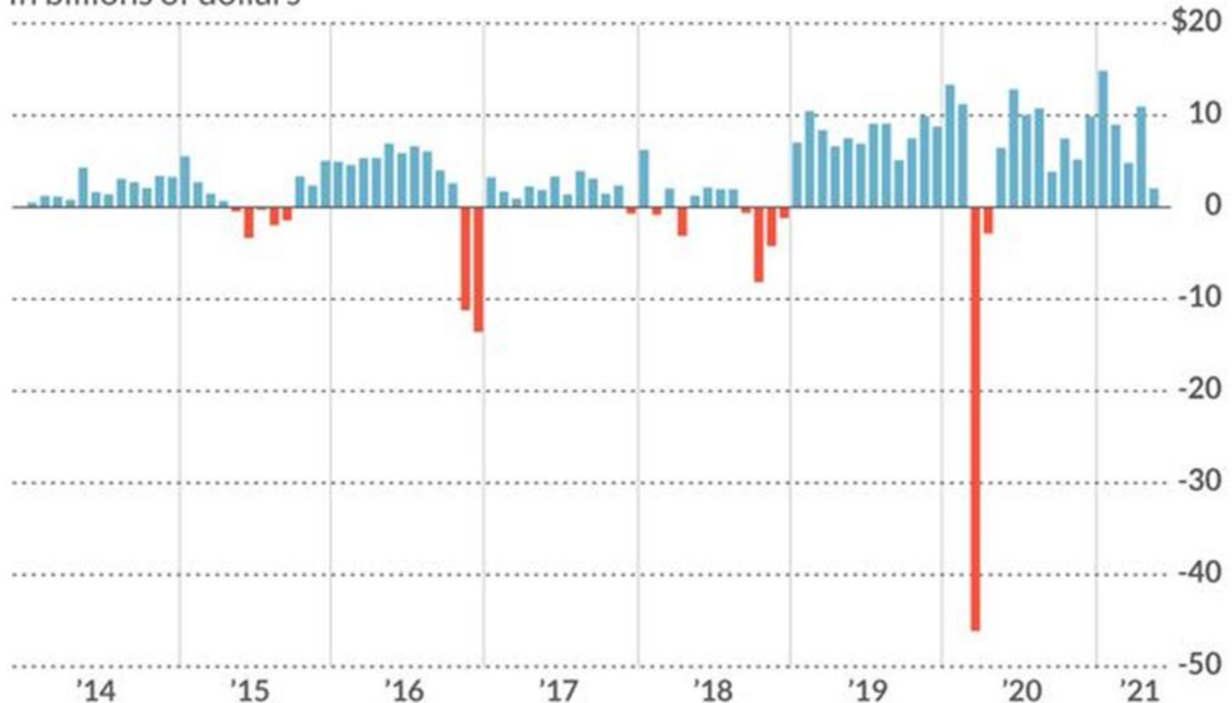
The following chart shows the same thing in a different way: The ratio of the 20-Bond GO Index to the 20-year U.S. Treasury rate has fallen back to about 1.0, the lowest ratio since rates went "upside down" following the financial crisis in 2008.



Tax-Exempt Municipal Bond Fund Inflows – A Recent Major Positive Underlying Trend

What has caused these ratios to shift the way they have? The chart below from Refinitiv Lipper shows the net inflows and a few net outflows of money into municipal bond funds over the past seven years. According to SIFMA's report on municipal bond holdings as of the first quarter of 2021, at the end of 2020, mutual funds accounted for roughly 27% of the $4.3 trillion of outstanding municipal bonds. The right hand side of the chart evidences an **acceleration over the past two-years of a very favorable 7-year trend: increasing inflows into tax-exempt municipal bond funds**. Except for the liquidity panic at the outset of the Pandemic last March and April, when investors fled a broad array of investments for cash, and several other brief periods, **muni bond fund inflows have been strong for the past seven years**, and **especially strong for the past two years**. **We think this has been accompanied by an increase in demand by individual investors, who comprised 44.5% of holders** according to the SIFMA data.[4] This has significantly lowered tax-exempt versus taxable rates.

[4] According to the SIFMA report, **other municipal bondholders** were as follows: Banking Institutions 12.3%; Insurance Companies 12.3%; Other Holders 3.9%.

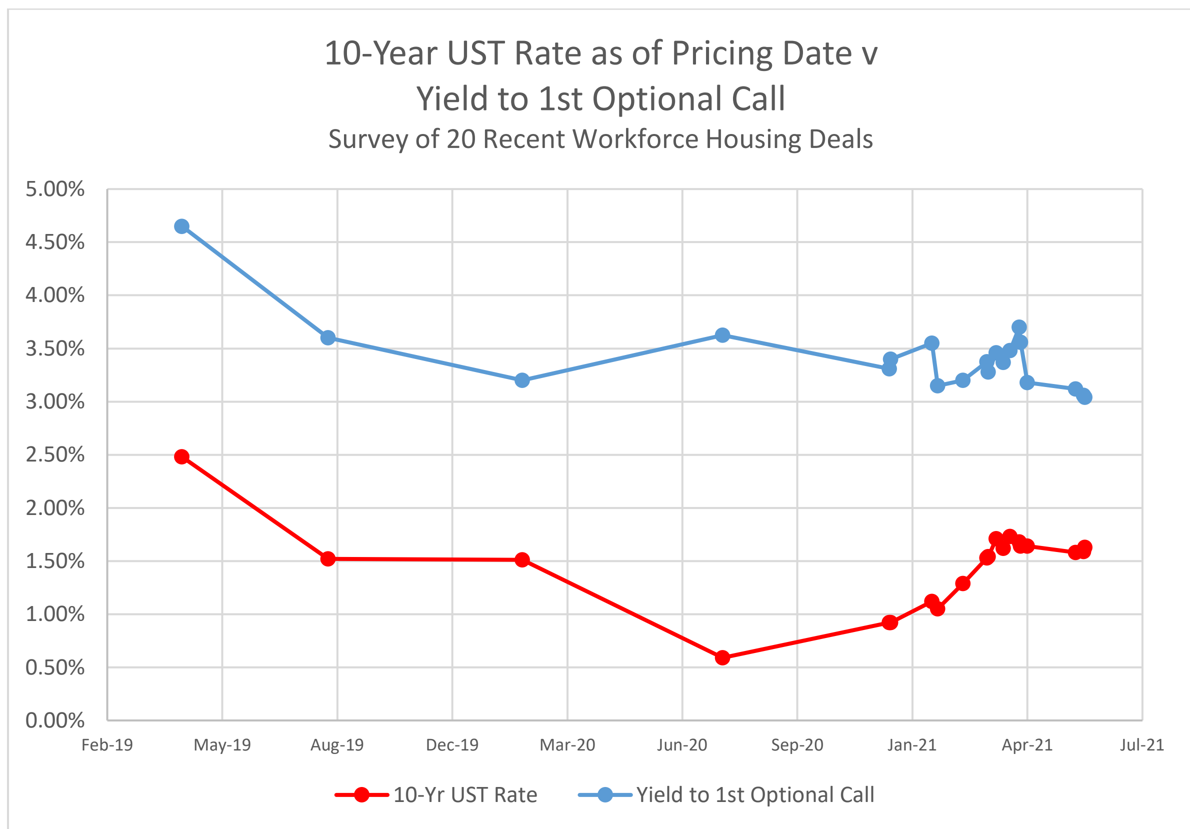


Andrea Riquier
(First Published: May 21, 2021)

A Dramatic Demonstration of the Power of Very Low Tax-Exempt Rates

Our firm is very heavily involved in a new type of "governmental purpose" financing for affordable workforce housing which has emerged in the very strong California market, with over $2.5 billion of such bonds having been issued in the past two years alone. The bonds are unrated "high yield" tax-exempt bonds sold in $100,000 minimum denominations in a "limited public offering" to Qualified Institutional Buyers under Rule 144A or Accredited Investors under Regulation D of the Securities Act of 1933, often in offerings of $100 million or more. Under this structure a California special joint powers authority ("JPA") teams up with a City or County to issue tax-exempt bonds, the proceeds of which are used by the JPA to acquire a fairly new conventional apartment complex. Moving the project into public ownership under this structure creates additional cash flow through real estate tax relief and allows units to be rented to tenants at or below 80%, 100% and 120% of AMI at rents not exceeding 30% or 35% of those income levels. This often reduces rents for teachers, first responders and other families in these income groups by $100 to $200 per month. At the end of 15 years, the City or County has the option to acquire the Project or cause it to be sold, with the residual value of the Project above the then outstanding debt going to the City or County. The projected value of this residual is often quite substantial.

The following chart plots the weighted average yield of 20 of these issues (substantially all of them to date) against the 10-year U.S. Treasury rate. Note that the spread between this high yield paper and the 10-year U.S. Treasury started at about 200 basis points for much of 2019 and then widened towards 300 basis points during the Pandemic. These are still fairly low spreads between these types of paper. But now look at the record so far in 2021. After starting out at spread above 200 basis points in December of 2020, the spreads have closed up to about 150 basis points in the more recent offerings – a 3.10% tax-exempt bond yield versus a 1.60% rate on the 10-year Treasury.[5] We think this reflects even stronger municipal bond fund inflows which have occurred, especially in the very strong California bond market, since the first part of this year.



Think for a moment about what a remarkable development this is! This tax-exempt municipal bond market is so strong that these bonds can be sold at premiums of 10-15% or more, which covers all the costs of the financing in addition to paying the Project seller a competitive purchase price for the project in a very competitive real estate market. This is 100% financing to create desperately needed affordable workforce housing in very high cost rental markets where many of these residents would have otherwise had to live 20 or 30 or 50 miles or more away from their jobs. The industry has talked about creating affordable workforce housing for a decade or more with very little results. This incredibly strong tax-exempt bond market has enabled California to create over $2.5 billion of such housing in the last two years alone.

[5] We've used the 10-year U.S. Treasury rate for this comparison and those which follow because it is the most widely watched barometer of taxable long-term rates. The trend in the 20-year U.S. Treasury generally tracks that of the 10-year fairly closely.

Recent All-In Borrowing Rates on Major Tax-Exempt Debt 100%Affordable Housing Debt Executions

Our sense is that this strong demand for tax-exempt municipal bonds has supported all the major executions, especially those involving public offerings and limited public offerings such as the California JPA workforce housing financings described above. In our November 1, 2020 PowerPoint, The 2020 Affordable Multifamily Rental Market Conundrum – Record Closing Volume in the Midst of a Pandemic – the Overwhelming Role of Declining Interest Rates, we observed that the 10-year U.S. Treasury rate had fallen 80%, from 3.24% in early November of 2018 to a low of 52 basis points on August 4, 2020, which **added 25 points of proceeds** to a debt service constrained loan (**over one point per month**) **over the preceding two years**.[6] **This was a huge wind at our backs that helped to offset, among other things, the increased cost of lumber and appliances and labor costs for construction**. Since then, interest rates have increased, and all-in borrowing rates for most executions have gone up, with the 10-year U.S. Treasury rising about 100 basis points since the August 4, 2020 low. Since last October, as the chart below shows, the 10-year U.S. Treasury is up about 70 basis points. What has happened to all-in tax-exempt debt borrowing rates on our major affordable rental executions since last fall?

Bond and Other Private Placements; Freddie Mac TEL Structure

The following chart compares the permanent lending rates on about a dozen bank and other private placements in which our firm was involved in the October-November period last fall to a similar number which we just closed in May and June.[7] While hardly a scientific sample, it suggests all-in permanent lending rates on those executions may be up about 90 basis points, or

Estimated All-In Permanent Loan Rates*

	October-November 2020	May-June 2021	Difference
Approx. 10-Year U.S. Treasury Rate	0.80%**	1.50%***	0.70%
Bank & Other Private Placements	3.40%****	4.30%*****	0.90%

* The rates shown below are generally for strong projects pursued by experienced borrowers in key CRA or other strong markets. Rates for less experienced buyers on more challenging projects in other markets would generally be 50-75 or more basis points higher. **Also, it goes without saying that these are substantial generalizations. Rates and other terms can vary quite substantially from one financing to another, depending on the market, the project, the developer and other participants and a host of other factors.**
** Ranged from 0.68% to 0.90%.
*** Ranged from 1.45% to 1.63%.
**** Ranged from 3.20% to 3.60%.
***** Ranged from 4.09% to 4.66%.

[6] **Shifting from a 35-year loan amortization to a 40-year amortization**, as most executions have done, **added another five points** of proceeds during this period.

[7] Although a law firm of only seven attorneys for most of 2020, published industry data (which is far from perfect) credited our firm with being involved in over $3.2 billion of private placements, which we believe was almost 30% of these financings. We believe private placements comprised 70-75% of what we believe was very roughly, a $21 billion tax-exempt affordable multifamily rental housing debt market last year. That was about 10 times per lawyer more than any other reporting law firm! Being a boutique has some advantages. ☺

just a bit more than the 70 basis point increase in the 10-year U.S. Treasury Rate.[8] Our guesstimate is that permanent lending rates on the Freddie Mac TEL forward executions may presently be at this level or slightly higher.[9] Both executions involve a certain "forwards" interest rate premium, since the bank or other private placement sponsor or Freddie Mac, as a rule, cannot off-load the permanent rate risk until "Conversion" to stabilized occupancy, which may be 24-30 months or so after closing. By comparison, most public or limited public offerings place this risk on the bondholder at original closing. This "forwards premium" rises when there is a concern that long-term rates may rise in the future, as has been the case in the recent past. So, in a sense, taking into account the forwards risk premium in any private placement, those rates have held their own extremely well over the past six months.

We believe the strong market for tax-exempt debt has buoyed private placements as well as public offerings. Some but not all major bank and other private placement sponsors and Freddie Mac offload the risk of these assets from their balance sheets by securitizing pools of stabilized post-Conversion permanent tax-exempt loans in secondary market securitizations. The same factors discussed above have resulted in many of these recent secondary market offerings being substantially oversubscribed and clearing the market at yields substantially below the stated permanent lending rates in the underlying loans. Thus private placement structures, like publically offered structures, have benefited powerfully from the increased demand for tax-exempt debt and that strong underlying demand has allowed these programs to continue to offer extremely competitive interest rates.

Fannie Mae M.TEBs

Public offerings appear to have done even better. For example, the spread to the 10-year U.S. Treasury on Fannie Mae M.TEBs bonds seems to have held firm at around 70 basis points (and sometimes lower) in most of the markets we have seen since last summer, once again reflecting what we believe is the fundamentally strong demand for publicly offered tax-exempt bonds. Today, this produces very compelling all-in borrowing rates. Today, this all-in borrowing rate is approximately as follows:

10-Year U.S. Treasury Bond	1.50%
Spread	0.70%
	2.20%[10]
Guaranty/Servicing Fee	1.20% - 1.40%
	3.40% - 3.60%

[8] Almost all of the financings in our samples were "forwards" permanent lending rates associated with substantial rehab or new construction financings versus permanent lending rates on moderate rehabilitation, which are generally somewhat lower.
[9] But, see the discussion on pages 10-12 below!
[10] It is important to remember that all-in borrowing rates on Fannie M.TEBs can also be lowered even further through:

- Discounts on Guaranty/Servicing for:
  - Healthy Housing Design: Up to 15 basis points.
  - Enhanced Resident Services: Up to 30 basis points.
- Green/Social/Sustainable Designation: Lowers coupon 5-10 basis points?

Average	3.50%
Trade-off for Negative Arbitrage on "Forwards" M.TEBs[11]	0.40%
	3.90%

While this rate is lower than our 4.30% estimate on private placements, including Freddie TEL, it is important to remember that many private placements (other than the Freddie TEL) involve only one lender not two, as under the Fannie Mae Forwards M.TEBs structure, only one lender's counsel and also avoid the expenses associated with a public offering.

As a result, the various executions available continue to be very competitive. Due to the strong demand for tax-exempt paper, all of these financing structures have absorbed the general increase in rates from the August, 2020 lows extremely well, and the tax-exempt debt side of the financing continues to make a major contribution to the feasibility of these financings.

Short-Term Cash Backed Tax-Exempt Bonds

This is still **the way** to satisfy the 50% Test on affordable 4% LIHTC projects using FHA-insured, rural development and other low rate taxable loans. The recent strength of the tax-exempt short-term bond market means that negative arbitrage has now, after about two years, once again all but disappeared on these executions:

2-Year Tax-Exempt Bond Coupon:		0.25%
2-Year U.S. Treasury Reinvestment Rate:		0.15%
Negative Arbitrage per year:		0.10%
x 2 Years	=	0.20% (Only 20 basis points!)

Moreover, the borrower gets back 40% of this very small negative arbitrage through additional 4% tax credit basis. **The result: Negative arbitrage ≈ 12 basis points, $16,666 on a $20 million bond deal. This is a rounding error!** The Borrower pays the bond costs of issuance and the 50% Test is satisfied.

In these financings, the effective all in permanent lending rate to the borrower is established by the FHA or RD Lender's selling GNMA securities in the taxable GNMA markets.[12] Recently, the all-in borrowing rates in these market executions have been very roughly 3.25% for new

[11] Under a Fannie Mae "Forwards" M.TEBs structure for new construction and substantial rehab projects, the bonds are secured by an escrow of cash and U.S. Treasuries for the first 2 or 2.5 years until Conversion is reached, the DUS loan is closed and the MBS is delivered as collateral for the M.TEBs bonds. At a current bond coupon of about 2.20% (1.50% U.S. Treasury + 70 basis points spread) and a 24-30 month U.S. Treasury rate of only 15 to 20 basis points, this can imply 4 or 5 points of gross negative arbitrage. Roughly 40% of this can be recouped under the increase in 4% LIHTC basis due to this structure having two sets of construction period interest. If the net negative arbitrage is thus roughly 3 points, this can add about 40 basis points to the effective rate – still very competitive at around an all-in 3.90% borrowing rate with this adjustment. This negative arbitrage may be partially offset by selling bonds at a premium (not to exceed 6%) on tax-exempt executions.

[12] These are "draw down" or "forward delivery" markets, so the GNMAs are delivered to the investors as FHA or RD loan advances are funded, eliminating (just as in most tax-exempt private placements) any loan side negative arbitrage, even on new construction and substantial rehabilitation project financings.

construction and moderate rehabilitation **40-year level amortization loans** (with no balloon) on 100% affordable rental housing – 4% LIHTC financings, and even lower at around 2.50% for moderate rehabilitation 35-year level amortization (with no balloon) loans.

Will This Surge in Demand for Tax-Exempt Bonds Continue?

In a word, we believe it will continue. Indeed, we believe it will accelerate further over at least the next few years. As noted in footnote 4 above, at the end of 2020, according to the SIFMA data, 44.5% of the holders of municipal bonds were individuals and another 27% were individual investors through bond funds. That suggests that **individuals, the vast majority of whom are undoubtedly in the higher income brackets, directly or indirectly comprise at least three quarters or more of the current municipal market.**

If even a portion of the Biden tax code revisions are adopted, there is little question that higher income taxpayers, *i.e.*, municipal bondholders, will see their federal income tax rates increase. Among other things, the Biden plan would:

(1) Increase the top ordinary income tax bracket for taxpayers with income above $400,000 from 37% back to 39.6%.

(2) Cause "carried interest" of the general partners in private equity firms to be taxed at ordinary income rather than at capital gains rates.

(3) Eliminate most like kind real property exchanges under Section 1031 of the Code, which currently shelters many real estate capital gains.

(4) Raise the capital gains rate for tax payers with income over $1.0 million, from 24% to 44%, effective last April!

We believe there is a substantial likelihood that the Democrats will push very hard to implement at least some portion of this agenda before mid-term elections in 2022. If even only a compromised version of one or more of these proposals are adopted, we believe it will further strengthen the already strong and growing demand we are now seeing for tax-exempt municipal bonds.

A New Dawn for the GSEs?

A startling, truly remarkable event occurred on June 23 of this year. The U.S. Supreme Court ruled that the President had the authority to immediately replace the head of the Federal Housing Financing Agency – the federal government's overseer of HUD, Fannie Mae and Freddie Mac. By the end of the day, the President had replaced Mark Calabria, a Trump appointee on record as a strong advocate of downsizing and ultimately privatizing the GSE's, with Sandra Thompson, who had been serving the FHFA's Deputy Director of the Division of Housing Mission and Goals and who is widely viewed as a strong affordable housing advocate.

We would urge readers to download and read our November 1, 2019 article entitled Ruminations on the Impact of GSE Reform on the Role of Fannie Mae and Freddie Mac in Affordable Multifamily Rental Housing Financings from our website (www.ngomunis.com). It provides a broad overview of the GSEs' role in the single-family mortgage market – today, over one-half of the $11 trillion market and the multifamily rental mortgage market – in 2019, the GSEs comprised 39% of the approximately $360 billion multifamily mortgage market. It also lays out in detail the limitations the FHFA placed on the two GSEs' multifamily lending activities in September, 2019, as a part of the Trump Administration's strong goal of downsizing and privatizing these two huge players in the United States single family and multifamily rental housing finance markets.

In our 2019 article, we wrote:

> There does now [in November, 2019] seem to be a bipartisan consensus that Fannie Mae and Freddie Mac should be preserved, but downsized and privatized. To those who value the vital role the GSEs have played for decades in making low interest rate, long-term, level amortization mortgage loans, that in the case of single family loans can be prepaid at any time without penalty, available to both single family and multifamily borrowers in the United States, this is a far better result than the cries to dismantle these two vital quasi-governmental enterprises which followed their losses in the 2008 financial crisis. The losses suffered by the GSEs in the financial crisis - $119.8 billion for Fannie Mae and $71.6 billion for Freddie Mac, for a total of $191.4 billion - were indeed huge, headline grabbing dollar amounts. However, for those who bothered to do the math, these losses were dramatically lower as a percentage of their exposure (about 6% for the GSEs) than the losses incurred by banks, investment banks, mortgage companies and other single family lenders (generally in the low teens or twenties for the banks and investment banks to over 30% for some of the mortgage companies!). Moreover, since the financial crisis, the GSEs have sent a combined $300 billion in dividends back to the U.S. Treasury.

We believe this overall goal of downsizing and privatizing the GSEs may be about to undergo significant change. Following the 2008 financial crisis, everyone working for Fannie Mae and Freddie Mac who suggested a new affordable housing program would have been escorted to the back of his or her building by the FHFA and summarily shot. OK, not really! (This is the United States!) But it would not have been a prudent career advancement move.

Think forward to 2013. Barack Obama has been elected President in 2012, and he appoints Mel Watt to replace the head of FHFA, Edward DeMarco, a conservative republican, in 2013.

What happened after that? We introduced the Freddie Mac TEL structure in 2014[13], and we then closed the first deal under the Fannie Mae M.TEBs structure in January of 2015[14]. Suddenly, if you worked for a GSE and you had a new idea which would support the production of affordable rental housing and which was financially sound for the federal government, the handcuffs were off! We believe the recent replacement of Mark Calabria as the head of the FHFA with Sandra Thompson means that handcuffs reflected in the September 2019 FHFA Release on Fannie Mae and Freddie Mac's affordable housing lending operations may have once again come off or at least ben substantially loosened. We can't wait to see the result!

It is important to keep all of this in perspective. We would guestimate that the total tax-exempt debt issued for affordable multifamily rental housing projects in 2020 was very roughly approximately $21 billion, roughly $15 billion of private placements and $6.0 billion of public or limited public offerings. Fannie Mae estimates that it closed about $2.5 billion of M.TEBs since we closed the first financing under the M.TEBs structure in January of 2015. That is about $500 million per year, perhaps $600-$700 million in the past year. Freddie Mac estimates that it has acquired over $4.5 billion of tax-exempt loans under its TEL structure, introduced in 2014. Call this an average volume of $700 million per year, and perhaps $800-900 million in the past year. Thus, in the past year, the GSE's may have accounted for only 10-15% of overall tax-exempt debt activities on 100% affordable tax-exempt debt 4% LIHTC financings, with bank and other private placement sponsors playing a significantly large role in the origination of these deals. However, both Fannie Mae and Freddie Mac have played a leading role in other structures which have substantial affordable rental housing aspects. In addition, Freddie Mac, and to a degree Fannie Mae, have also played very significant roles in the secondary securitization markets which support all tax-exempt affordable rental housing finance originations. **The fact that both GSEs may now be in a much stronger position to continue their vital mission is a huge plus for affordable multifamily rental housing.**

Conclusion

The bottom line? **There are very strong underlying forces which have substantially increased the demand for tax-exempt municipal debt, especially over the past two years. We expect these forces to accelerate**, further increasing the demand for tax-exempt debt, **over the next two years. The recent replacement of Mark Calabria with Sandra Thompson as the Acting Executive Director of the FHFA is another extremely important positive development** which we expect to support the vital role of Fannie Mae and Freddie Mac in affordable multifamily rental housing finance. As a result, **we believe that even if interest rates in general rise a bit further as 2021 unfolds,** the role these positive prospects for the tax-exempt debt side of these financings suggests that **the wind may continue, in general, to be at our backs,** and that **the financial feasibility of these financings should be strong in the years immediately ahead.**

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[13] Our NGO colleague, **Kim Griffith**, was Vice President of Affordable Sales and Investments in Freddie Mac's Multifamily Division from 2003 to 2015, and oversaw the development of the TEL Structure at Freddie Mac. **Wade Norris** and **Ryan George**, as **special outside counsel** to Freddie Mac, assisted in the drafting of program memoranda, model documents and other materials relating to the development and implementation of the Freddie Mac TEL structure.

[14] **Wade Norris** and **Ethan Ostrow**, together with their prior colleague, **Ad Eichner**, worked with Fannie Mae and other participants to develop the structure and documentation for the Fannie Mae M.TEBs product. This led to the closing of the first M.TEBs financing in February, 2015. Messrs. Norris and Ostrow then served as underwriter's counsel on the first seven M.TEBs financings which closed over the next two years, and NGO has served as underwriter's counsel on many subsequent M.TEB financings