

# America First Multifamily Investors L.P. Announces Funding of New Secured Credit Facility

OMAHA, Neb., July 11, 2014 (GLOBE NEWSWIRE) -- America First Multifamily Investors, L.P. (Nasdaq:ATAX) (the "Partnership"), announced today that it has entered into a second long-term secured debt financing facility with Freddie Mac utilizing Freddie Mac's Tax-Exempt Bond Securitization or "TEBS" program (the "TEBS Financing"). Proceeds from the TEBS Financing totaled approximately \$94.7 million which was used to repay a portion of the outstanding balance due on the Partnership's Tender Option Bond ("TOB") facilities.

The TEBS Financing is a securitization of 13 of the Partnership's mortgage revenue bonds (the "Bonds") and essentially provides the Partnership with a long-term variable rate debt facility at interest rates that will reflect prevailing short-term tax-exempt rates. The effective interest rate to be paid on the TEBS Financing is equal to the weekly Securities Industry and Financial Markets Association ("SIFMA") floating index rate plus certain credit, facility, remarketing and servicing fees (the "Facility Fees"). As of closing, the current SIFMA rate is equal to 0.04% and the total Facility Fees are approximately 1.4% resulting in a total initial cost of borrowing of approximately 1.5%. The Partnership has also entered into an interest rate cap agreement indexed to the SIFMA floating index for a total nominal amount of \$94.7 million. This cap limits the Partnership exposure to increases in the SIFMA base rate to the interest rate caps strike rate of 3.0% per annum. The cap rate plus the Facility Fees result in a maximum potential cost of borrowing on this financing of 4.5% per annum. For financial reporting purposes, the TEBS Financing will be presented as a secured financing.

"The closing of the TEBS Financing is a significant transaction for the Partnership which will contribute to our ability to meet our strategic objectives," stated Chad Daffer, Fund Manager. "With the closing of the TEBS Financing the Partnership accomplished the following objectives;

- The TOB facilities, which were to expire in June, August and October, 2014, were retired and replaced with long-term financing thereby addressing refinancing risks,
- The Partnership's cost of borrowing was reduced from an effective rate of approximately 2.5% on the retired TOB facilities to an initial rate of approximately 1.5% on the TEBS Financing,
- Overall balance sheet leverage was increased to levels in line with targeted leverage for the Partnership potentially allowing for additional investments and credit spread income, and
- The Partnership's overall cost of borrowing has been capped, through our hedging strategy, at a rate comparable to rates incurred recently by the Partnership."

## Outline of the TEBS Financing

Under the terms of the TEBS Financing, the Partnership transferred all of the Bonds to ATAX TEBS II, LLC, a special purpose entity controlled by the Partnership

(the "Sponsor"). ATAX TEBS II, LLC then securitized these assets by transferring assets with an outstanding principal balance of approximately \$118.4 million to Freddie Mac in exchange for tax-exempt Class A and Class B Freddie Mac Multifamily Variable Rate Certificates, Series M031 (collectively, the "TEBS Certificates") issued by Freddie Mac. The TEBS Certificates represent beneficial interests in the securitized assets held by Freddie Mac.

The Class A TEBS Certificates have been credit-enhanced by Freddie Mac and were sold through a placement agent to unaffiliated investors. The gross proceeds from the sale of the Class A TEBS Certificates of approximately \$94.7 million were remitted to the Sponsor. The Sponsor retained all of the Class B TEBS Certificates with a total value of approximately \$23.7 million. The Class B TEBS Certificates are pledged to Freddie Mac to secure certain reimbursement obligations of the Sponsor to Freddie Mac. These obligations of the Sponsor are also guaranteed by the Partnership.

The holders of the Class A TEBS Certificates are entitled to receive regular payments of interest from Freddie Mac at a variable rate which resets periodically and reflects prevailing short-term tax-exempt rates. Payment of interest on the Class A TEBS Certificates will be made prior to any payments of interest on the Class B TEBS Certificates held by the Sponsor. As the holder of the Class B TEBS Certificates, the Sponsor is not entitled to receive interest payments on the Class B TEBS Certificates at any particular rate, but will be entitled to all payments of principal and interest on the assets held by Freddie Mac after payment of principal and interest due on the Class A TEBS Certificates and payment of the Facility Fees and expenses associated the TEBS Financing. Accordingly, the amount of interest paid to the Sponsor on the Class B TEBS Certificates is expected to vary over time. The term of the TEBS Financing coincides with the terms of the assets securing the TEBS Certificates, except that the Sponsor may terminate the TEBS Financing at its option on either July 1, 2019 or July 1, 2024.

The TEBS Financing effectively provides the Partnership with variable rate financing based on the Securities Industry and Financial Markets Association ("SIFMA") floating index rate plus certain Facility Fees totaling approximately 1.4% per annum, while allowing it to continue to receive interest from its portfolio of multifamily housing mortgage revenues bonds. In order to mitigate the Partnership's interest rate exposure on the variable rate Class A TEBS Certificates, the Partnership has entered into an interest rate cap agreement with a counterparty. The interest rate cap agreement carries a total notional amount of \$94.7 million and is indexed to the SIFMA floating index. This agreement effectively caps at 3.0% the Partnership's exposure to increases in the SIFMA floating index on the notional amount of the agreements and, therefore, allows the Partnership to benefit from a low interest rate environment while protecting it from a significant increase in the SIMFA index.

### **About America First Multifamily Investors, L.P.**

America First Multifamily Investors, L.P. was formed for the primary purpose of acquiring, holding, selling and otherwise dealing with a portfolio of mortgage revenue bonds which have been issued to provide construction and/or permanent financing of multifamily residential apartments. The Partnership is pursuing a business strategy of acquiring additional mortgage revenue bonds on a leveraged basis in order to: (i) increase the amount of interest available for distribution to its investors; (ii) reduce risk through asset diversification and interest rate hedging; and (iii) achieve economies of scale. The

Partnership seeks to achieve its investment growth strategy by investing in additional mortgage revenue bonds and related investments, taking advantage of attractive financing structures available in the securities market and entering into interest rate risk management instruments. America First Multifamily Investors, L.P. press releases are available on the World Wide Web at [www.ataxfund.com](http://www.ataxfund.com).

### **Safe Harbor Statement**

Information contained in this press release contains "forward-looking statements," including statements related to the offering and the expected use of the net proceeds, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. These risks and uncertainties include, but are not limited to, risks involving current maturities of our financing arrangements and our ability to renew or refinance such maturities, fluctuations in short-term interest rates, collateral valuations, bond investment valuations and the overall negative economic and credit market conditions. For a further list and description of such risks, see the reports and other filings made by the Partnership with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2013. The Partnership disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Source: America First Multifamily Investors, L.P.