How To Lock-In Interest Rates On

TIF Bonds

THE PROBLEM

Current volatility in interest rates has created uncertainty among real estate projects across the country, causing delays in transaction closings and impacting the overall construction loan.

Since tax increment financing (TIF) bonds are impacted by interest rates, volatility in the interest rate environment means developers cannot predict the final proceeds of a transaction prior to closing. This causes uncertainty on whether the project will ultimately be successful.

THE SOLUTION

Hageman Capital developed a solution to lock-in interest rates on the bonds we buy prior to the closing process. This provides real estate investors with certainty and peace of mind by knowing the amount of proceeds that can be generated from the TIF and ensuring a more secure capital stack.

How Does It Work?

Our rate lock-in mechanism allows developers to lock-in interest rates months prior to the TIF bond closing, giving developers certainty in a volatile interest rate environment.

Through an interest rate swap, we can lock-in the interest rate on the TIF bonds, regardless of market movement.

By locking in the interest rate, developers can achieve certainty of bond proceeds prior to closing.

WHAT'S THE COST?

There are no costs to the developer if the bond transaction closes.

If the bond transaction does not close, the developer is responsible for the swap termination costs, which is determined by the mark to market.

WHY PARTNER WITH HAGEMAN CAPITAL?

The professionals at Hageman Capital are experts at real estate development and solving unique challenges within the industry.

With high volatility in the current interest rate environment, Hageman's lock-in mechanism allows developers to manage changes in interest rates to ensure a more seamless closing on the remaining capital stack.

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