

Flexible Choice Bridge

Fannie Mae Multifamily offers three variable-rate financing options, the ARM 7-6™, ARM 7-4™ and the Structured ARM (SARM), each offering a fixed-rate conversion feature, specifically for Multifamily Affordable Properties.



Term	7 years (10 year SARM option available).
Loan Size	No minimum or maximum. (Except SARMs that are not re-syndication transactions must be \$5 million or greater). Mortgage loan amount shall not exceed that of a fixed-rate loan with similar terms.
Amortization	Up to 30 years.
Maximum LTV	Up to 80%.
Minimum DSCR	ARM 7-6™ & 7-4™ - 1.00x using the maximum lifetime interest rate. SARMs - 1.00x using a variable underwriting rate equal to the sum of (i) the Index, plus (ii) the investor spread, guaranty fee and servicing fee (the "Margin"), plus (iii) the interest rate cap escrow expressed as a percentage (if the cap term is shorter than the loan term), plus (iv) 3%, plus (v) the amortizing constant for that built-up rate.
Prepayment Availability	Loan is locked-out from prepayment for first 12 months (a 6 month lock-out option is also available with Fannie Mae prior approval). 1% prepayment premium thereafter. No prepayment premium during the last 3 months of the loan term. When refinancing into a fixed-rate product with Fannie Mae, the prepayment premium may be waived under certain conditions. SARMs also offer an option of a one-year lock-out, then declining prepayment premium of 4% second year, 3% third year, 2% fourth year, 1% thereafter. (not available with the 6 month option)

Benefits

- Re-syndication solution
- Six-month lock-out option
- Interest-only options available
- Interest rate cap options
- Attractive, low-cost acquisition solution for preservation of Multifamily Affordable Properties
- Convertible to fixed-rate

Eligibility

- Existing, stabilized Multifamily Affordable Housing Properties

For More Information

Contact your Hunt Mortgage Group Representative.

Interest Rate Adjustments	Adjusts based on changes to the underlying Index and is equal to the Index plus the Margin. SARM execution has no limit on rate changes.
Rate Lock	30-day commitments available.
Index	1 month LIBOR for ARMs. 1 or 3 month LIBOR for SARMS.
Interest Rate Cap	ARM 7-6™ & 7-4™ have maximum monthly interest rate adjustment of 1% up or down. Maximum lifetime interest rate to Borrower capped at 6% (7-6™) or 4% (7-4™), plus the guaranty fee, plus the servicing fee. SARMS have no built-in periodic or lifetime caps. Instead, the Borrower must purchase an interest rate cap from an approved interest rate cap provider. Minimum initial cap of 5 years.
Interest Rate Floor	The interest rate shall never be less than the Margin.
Conversion to Fixed Rate	Subject to the terms of the loan documents, the loan may be converted to a fixed-rate loan on any rate change date beginning on the first day of the second loan year and ending on the first day of the sixth loan year for ARM 7-6™ & 7-4™ or the first day of the third month prior to maturity for SARMS . <ul style="list-style-type: none"> • No prepayment premium is charged at the time that the Mortgage Loan converts. • Conversion requires minimal re-underwriting; lender determines that the current Net Cash Flow can support the new fixed rate. • No increase in the loan amount; may be eligible for a Supplemental Loan.
Accrual	Actual/360.
Recourse	Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.
Escrows	Replacement reserve, tax, and insurance escrows are typically required.
Third-Party Reports	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.