

ARM 7-6™

Fannie Mae Multifamily offers a 7-year variable-rate financing option with an embedded cap and an option to convert to fixed-rate.



Term	7 years.
Amortization	Up to 30 years.
Interest Rate Adjustments	Adjusts based on changes to the underlying Index and is equal to the Index plus the Margin.
Maximum LTV	80%.
Minimum DSCR	1.00x at the maximum lifetime interest rate. Mortgage loan amount shall not exceed that of a fixed-rate loan with similar terms.
Rate Lock	30-day commitments.
Index	1 month LIBOR.
Supplemental Financing	Supplemental loans are available.
Prepayment Availability	No prepayment first year, 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.

Benefits

- Attractive low-cost financing
- No minimum or maximum loan size
- Maximum interest rate is set at rate lock
- Convertible to a fixed-rate loan with minimal re-underwriting

Eligibility

- Existing, stabilized multifamily properties, including: Conventional, Multifamily Affordable Housing, Seniors Housing, Student Housing, and Manufactured Housing Communities
- Loans for acquisition or refinance

For More Information

Contact a Fannie Mae representative or visit the Multifamily Business Portal for details.

fanniemae.com/multifamily

Interest Rate Cap	<p>Maximum monthly interest rate adjustment of 1% up or down.</p> <p>Maximum lifetime interest rate to Borrower capped at 6%, plus the guaranty fee, plus the servicing fee.</p>
Interest Rate Floor	<p>The interest rate will never be less than the Margin, which is the sum of the investor spread, the guaranty fee, and the servicing fee.</p>
Conversion to Fixed Rate	<p>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.</p> <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	<p>Actual/360.</p>
Recourse	<p>Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.</p>
Escrows	<p>Replacement reserve, tax, and insurance escrows are typically required.</p>
Third-Party Reports	<p>Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.</p>
Assumption	<p>Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.</p>