

## Flexible Choice Bridge

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



<b>Term</b>	7 years (10 year SARM Loan option also available).
<b>Loan Size</b>	No minimum or maximum loan amount. (Except SARM Loans 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.
<b>Amortization</b>	Up to 30 years
<b>Maximum LTV</b>	Up to 80%
<b>Minimum DSCR</b>	<b>ARM 7-6™ - 1.00x</b> using the maximum lifetime interest rate.  <b>SARM Loans - 1.00x</b> using a variable underwriting rate equal to the sum of (i) the Index, plus (ii) the Investor spread, Guaranty Fee Rate, and Servicing Fee Rate (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.
<b>Prepayment Availability</b>	Loan is locked-out from prepayment for first 12 months (a <b>6 month lock-out option is also available with Fannie Mae prior approval</b> ), with a 1% prepayment premium thereafter. No prepayment premium is owed 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.  SARM Loans 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 a Fannie Mae representative or visit the Multifamily Affordable Loans Portal for details.

[fanniemaemultifamilyaffordable.com](http://fanniemaemultifamilyaffordable.com)



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