



Hybrid ARM Loans

Fannie Mae Multifamily offers a 30 year Mortgage Loan, comprised of an initial loan term where interest accrues at a fixed rate, after which the interest rate automatically converts to an adjustable rate for the remaining term.

Term	5-, 7- or 10-year fixed rate term followed by 25-, 23- or 20-year adjustable rate term.
Amortization	30 years.
Maximum LTV	Up to 80%.
Minimum DSCR	1.25x Actual Amortizing DSCR, if the Hybrid ARM Loan is secured by a Property located outside of a Strong Market or Los Angeles MSA, the maximum loan amount must be determined by using a minimum 1.00 DSCR sufficient to cover a debt service constant that equals the sum of (i) the interest rate during the fixed rate term; <u>plus</u> (ii) 2.50%.
Fixed Rate Lock	30- to 180-day commitments. Borrowers may lock a rate with the Streamlined Rate Lock option.
Interest Rate Adjustments	Starting in the adjustable rate period, adjusts based on changes to the underlying index and is equal to the index plus the Margin.
Index during adjustable rate term	6 month LIBOR.
Margin during adjustable rate term	0.80%, <u>plus</u> the Guaranty Fee Rate and the Servicing Fee Rate in effect at Rate Lock.
Prepayment Availability	Flexible prepayment options available during the fixed rate term, including yield maintenance and declining prepayment premium. No prepayment fees during the adjustable rate period.

Benefits

- Competitive interest rates
- Lower cost of execution
- Delegated Model provides Lenders and Borrowers speed and certainty of execution
- No Underwriting Floor or Fixed Rate test in Strong Markets and Los Angeles
- Flexible prepayment terms

Eligibility

- Loan Amounts up to \$6 million nationwide
- Existing, stabilized multifamily properties, including Conventional properties 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

Maximum interest rate during the adjustable rate term	Starting with the conversion from the fixed interest rate to the adjustable interest rate and thereafter, maximum semi-annual interest rate adjustment of 1% up or down. Maximum lifetime interest rate to Borrower capped at 5% over the initial fixed rate.
Lifetime interest rate floor	The interest rate will never be less than the Margin.
Supplemental Financing	Supplemental Mortgage Loans are not available.
Accrual	Actual/360 or 30/360.
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	If underwriting to Small Mortgage Loans, then streamlined inspection and Environmental Screening using the ASTM E-1528-14 protocol, otherwise, standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
Assumption	Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.