



Frequently Asked Questions (FAQs)

Flexible Choice Bridge: Six-Month Lock-Out Option

Fannie Mae Multifamily offers three variable-rate financing options, the ARM 7-6™, ARM 7-4™ and the Structured ARM (SARM) specifically for Multifamily Affordable Housing (MAH) Properties. In response to the disruption currently impacting the LIHTC market due to widely reported prospects for corporate tax reform, Fannie Mae is pleased to offer an alternative six-month lock-out option to support property repositioning and re-syndication delays.

GENERAL INFORMATION

Q1. What is the six-month lock-out option?

A reduction in the timeframe the Mortgage Loan is ineligible to prepay. The standard lock-out period for Flexible Choice Bridge is twelve months.

Q2. What loan terms are available?

Seven year term for ARMs; seven and ten year terms for SARMS.

Q3. What prepayment premium option is available?

The loan is locked out from prepayment for the first six-months of the loan term. There is a 1% prepayment premium for the remaining loan term, except for the last three months of the loan where no prepayment premium is required (open to repayment without penalty).

Q4. Is there different pricing for the six-month lock-out option?

Yes. A pricing add-on will be charged.

REGISTRATION

Q5. Is the transaction Pre-Review?

No, not solely for the six-month lock-out option. However the deal may be Pre-Review for other reasons and Lenders should follow the Gateway Pre-Review submission requirements when applicable.



Q6. How does the Lender request the six-month lock-out option?

The Lender must submit the following waivers in Gateway per the instructions below.

Category = Guide (Other)

Sub-category = Other

Descriptor = leave blank

Comments = “change required product prepayment lock-out period from 12 to 6 months (reference: Part IIIC, Chapter [insert 5 for ARM 7/6 or ARM 7/4] or [insert 6 for SARM])”

Category = Pricing/Fees

Sub-category = leave blank

Descriptor = Non-standard lock-out (YM) or prepay pd (1%)

Comments = 6 month lock-out request

Q7. Are Loan Document modifications required?

Yes. Delegated Loan Document Modifications are required to modify (1) SCHEDULE 2 to MULTIFAMILY LOAN AND SECURITY AGREEMENT (Summary of Loan Terms), and (2) SCHEDULE 4 to MULTIFAMILY LOAN AND SECURITY AGREEMENT (Prepayment Premium Schedule), to reflect the correct “Prepayment Lockout Period,” both as indicated below.

Schedule 2	Prepayment Lockout Period	The period commencing on the Effective Date and ending on the last day of the month that is six-months prior to the last day of the first (1st) Loan Year of the term of the Mortgage Loan.
Schedule 4	Prepayment Premium	Each full and partial Loan Year thereafter

RATE LOCK/COMMITTING and DELIVERY

Q8. How does the Lender enter the prepayment terms in C&D?

Current system configuration does not offer a Prepayment Schedule that accommodates a six-month lock-out option. The Lender must follow the “Other Prepayment” guidance here: [Job Aid: Entering Data for Variable Rate Mortgage Loans for Declining Prepayment Premium and Other Prepayment Premium Options.](#)

Q9. Is Additional Disclosure required?

Yes. Systems Additional Disclosure is required for the shorter lock-out period. Refer to [Multifamily Additional Disclosure Guidance \(Form 4098\)](#) for more information on Systems Additional Disclosure.