

Hybrid Adjustable-Rate Mortgage Loan



Looking for 30-year financing for your small loan with attractive prepayment options? Take a look at our enhanced Hybrid ARM Loan.

You asked for more flexibility and we delivered – the Hybrid ARM Loan is a fully amortizing loan with options for a fixed rate in the first 7 or 10 years, automatically converting to an adjustable-rate mortgage for the remainder of the loan term with no balloon payment due at maturity. Now there is a financing tool for small loan borrowers that offers the full flexibility and certainty of execution that only our Delegated Underwriting and Servicing (DUS®) model provides.

Fannie Mae's Hybrid ARM Loan offers small loan borrowers flexible, long-term financing with attractive prepayment options, and competitive pricing. These features, coupled with the benefits of our lender delegated model, provide one powerful financing tool.

Flexible and certain

- 30-year fully amortizing loans with no balloon payment, no Underwriting Floors and no Exit Refinance Test
- Completely open prepayment during the adjustable rate period
- Competitive margin
- Structured with periodic and lifetime rate caps for protection

Rely on us

- Delegated risk-sharing model provides certainty of execution, faster decisions, and quicker loan closings
- Experts who know the business and understand complex transactions
- Life-of-loan servicing means seamless post-closing activities

Contact a Fannie Mae representative to learn more about how our financing solutions can help you compete.

Our Hybrid ARM Loan is a flexible financing tool that offers generous proceeds and a host of loan term options, providing liquidity to support the Small Loan market. Add to that the certainty of execution and life-of-loan servicing inherent in the DUS model, and you've got one powerful tool to manage your portfolio.

Fannie Mae Hybrid ARM Loan

Asset Classes	Conventional Small Mortgage Loans and Manufactured Housing Communities
Loan amount	Up to \$9 million nationwide
Term	7-year fixed rate term, followed by a 23-year adjustable rate term; or 10-year fixed rate term, followed by a 20-year adjustable rate term
Amortization	Fully amortizing 30-year loan
Interest Rate Index	7-, or 10-year treasury for fixed-rate term; and 30-Day average SOFR during adjustable-rate term
Interest Rate During the Fixed -Rate Term	Fixed interest rate is locked at loan origination; and includes investor spread and applicable Guaranty and Servicing Fees
Margin during adjustable-rate term	1.15%, plus the Guaranty Fee in effect at Rate Lock, plus the Servicing Fee in effect at Rate Lock
Maximum Interest Rate during 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 Floor during adjustable-rate term	During the adjustable-rate term, the interest rate can never be less than the Margin

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