



# Frequently Asked Questions (FAQs)

## Flexible Choice Bridge: Six-Month Lock-Out Options

Fannie Mae Multifamily offers two variable-rate financing options specifically for Multifamily Affordable Housing (MAH) Properties: the ARM 7-6™ and Structured ARM (SARM). Fannie Mae is pleased to offer an alternative six-month lock-out option to support property repositioning and re-syndication.

### 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 loans is twelve months.

**Q2. What loan terms are available?**

A seven year term is available for the ARM 7-6™. Seven and ten year terms are available 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 term, where no prepayment premium is required (open to prepayment 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?**

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:

Category = Pre-Review (Guide Requirements)

Sub-category = Other

Descriptor = Leave blank

Comments = "Change required product prepayment lock-out period from 12 to 6 months."

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?**

The 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 the [Multifamily Additional Disclosure Guidance \(Form 4098\)](#) for more information on Systems Additional Disclosure.