

Flexible Choice Bridge



Need variable-rate financing options for your affordable property? Look no further.

Fannie Mae's Flexible Choice Bridge is specifically designed for Multifamily Affordable Housing (MAH) properties and offers two variable-rate financing options – the ARM 7-6™ Loan, and the Structured ARM Loan (SARM Loan) – each with a fixed-rate conversion feature.

Whether you need short-term (bridge) financing for a property that will be resyndicated or you are looking for financing to acquire, rehabilitate, reposition, or re-leverage your property, our Flexible Choice Bridge is a fast execution that gives you the maximum proceeds and competitive rates with the options you want.

Flexibility and certainty

- Resyndication or low-cost acquisition solution for the preservation of an MAH property
- Flexible loan terms and prepayment options (six-month and one-year lock-out options)
- Interest-only options available
- Convertible to a fixed-rate loan
- Up to 80% LTV
- Ability to choose interest rate cap – embedded (with the ARM 7/6) or third-party interest rate cap options (with the SARM Loan)
- Experienced, dedicated Affordable team partners with you to provide expert solutions

Rely on us

- Single-asset security allows for customized loan structures
- 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 no other master or special servicer and seamless post-closing activities

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

Our terms at a glance

Flexible Choice Bridge

Eligible Properties	Existing stabilized MAH properties
Term	7 years (10-year SARM Loan option available)
Loan Size	No minimum or maximum (except SARM Loans that are not resyndication transactions must be \$5 million or greater)
Amortization	Up to 30 years
Maximum LTV	Up to 80%
Minimum DSCR	ARM 7-6 Loan – 1.00x using the maximum lifetime interest rate SARM Loans – 1.00x using a variable underwriting rate equal to the sum of (i) the Index, plus (ii) the investor spread, guaranty fee, and servicing fee (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
Prepayment Availability	Loan is locked-out from prepayment for first 12 months (a 6-month lock-out option may be available with Fannie Mae prior approval), with a 1% prepayment premium required thereafter. No prepayment premium 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 lockout option)
Interest Rate Adjustments	Adjusts based on changes to the underlying Index and is equal to the Index plus the Margin
Rate Lock	30-day commitments available
Index	30-day average SOFR
Interest Rate Cap	ARM 7-6 Loans have a maximum monthly interest rate adjustment of 1% up or down. The maximum lifetime interest rate to the Borrower is capped at 6%, plus the guaranty fee and the servicing fee. SARM Loans 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.
Conversion to Fixed Rate	Subject to the terms of the loan documents, the loan may be converted to a fixed-rate loan on any rate change date beginning on the first day after the lockout period and ending on the last day of the prepayment period.