



Hybrid ARM Loans

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

Term	<ul style="list-style-type: none"> 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	30 years
Maximum LTV	Up to 80%
Minimum DSCR	1.25x Actual Amortizing DSCR. 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%.
Rate Lock	30- to 180-day commitments available.
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	30-Day Average SOFR.
Margin During Adjustable Rate Term	1.15%, <u>plus</u> the Guaranty Fee and the Servicing Fee in effect at Rate Lock
Prepayment Availability	<p>Flexible prepayment options available during the fixed rate term, including yield maintenance and declining prepayment premium.</p> <p>No prepayment premium required for any prepayment during the adjustable rate period.</p>

Benefits

- Competitive interest rates
- Low 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 amount of \$9 million or less
- Existing, stabilized multifamily properties, including Conventional properties and Manufactured Housing Communities
- Available 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 plus or minus 1%. 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
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 as a Small Mortgage Loan per Part III, Chapter 9 of the Multifamily Selling and Servicing Guide, then streamlined inspection and Environmental Screening using the ASTM E-1528-14 protocol are permitted; otherwise, standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
Assumption	Mortgage Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.