

# FANNIE MAE HYBRID ADJUSTABLE-RATE MORTGAGE

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.

<b>TERM</b>	5-, 7- or 10-year fixed rate term followed by 25-, 23- or 20-year adjustable rate term.
<b>AMORTIZATION</b>	30 years.
<b>MAXIMUM LTV</b>	Up to 80%.
<b>MINIMUM DSCR</b>	1.25x Actual Amortizing DSCR, if the Hybrid ARM Loan is secured by a Property located outside of a Strong Market or Los Angeles MSA, 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; plus (ii) 2.50%
<b>FIXED RATE LOCK</b>	30- to 180-day commitments. Borrowers may lock a rate with the Streamlined Rate Lock option.
<b>INTEREST RATE ADJUSTMENTS</b>	Starting in the adjustable rate period, adjusts based on changes to the underlying index and is equal to the index plus the Margin
<b>INDEX DURING ADJUSTABLE RATE TERM</b>	6 month LIBOR.
<b>MARGIN DURING ADJUSTABLE RATE TERM</b>	0.80%, plus the Guaranty Fee Rate and the Servicing Fee Rate in effect at Rate Lock.
<b>PREPAYMENT AVAILABILITY</b>	Flexible prepayment options available during the fixed rate term, including yield maintenance and declining prepayment premium. No prepayment fees during the adjustable rate period.
<b>MAXIMUM INTEREST RATE DURING THE ADJUSTABLE RATE TERM</b>	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.
<b>LIFETIME INTEREST RATE FLOOR</b>	The interest rate will never be less than the Margin.
<b>SUPPLEMENTAL FINANCING</b>	Supplemental Mortgage Loans are not available.
<b>ACCRUAL</b>	Actual/360 or 30/360.
<b>RECOURSE</b>	Non-recourse execution with standard carve-outs for "bad acts" such as fraud and bankruptcy.
<b>ESCROWS</b>	Replacement reserve, tax, and insurance escrows are typically required.
<b>THIRD-PARTY REPORTS</b>	If underwriting to Small Mortgage Loans, then streamlined inspection and Environmental Screening using the ASTM E-1528-14 protocol, otherwise, standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
<b>ASSUMPTION</b>	Loans are typically assumable, subject to review and approval of the new borrower's financial capacity and experience.

## ELIGIBILITY

- Loan Amounts up to \$6 million nationwide
- Existing, stabilized multifamily properties, including Conventional properties and Manufactured Housing Communities
- Loans for acquisition or refinance

## BENEFITS

- Competitive interest rates
- Lower 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