

# Structured Adjustable-Rate Mortgage Loans

---

Description	Fannie Mae's Multifamily Mortgage Business offers long term financing with a very competitive variable interest rate that is convertible to a fixed rate.
Benefits	<ul style="list-style-type: none"><li>■ Attractive low-cost financing</li><li>■ Convertible to fixed-rate financing</li><li>■ Flexible prepayment options</li><li>■ Ability to choose interest rate cap</li></ul>
Eligibility	<ul style="list-style-type: none"><li>■ Existing, stabilized multifamily properties, including: Conventional, Manufactured Housing Communities, Seniors Housing, Student Housing, and Moderate Rehabilitation Mortgage Loans may be eligible on a case-by-case basis</li><li>■ Multifamily Affordable Housing Mortgage Loans, Bond Credit Enhancements and Substantial Rehabilitation are not eligible</li><li>■ Loans of \$25 million or more</li><li>■ Loans for acquisition or refinance</li></ul>
Term	5, 7, or 10 years
Amortization	Up to 30 years, based on the property type. Amortization schedule is based on the current fixed-interest rate for a comparable maturity, set at closing. A level monthly principal payment is calculated using a straight-line accrual of the expected total amortization to be collected over the loan term
Maximum LTV	75%
Minimum DSCR	<ul style="list-style-type: none"><li>■ 1.00x</li><li>■ DSCR is calculated based on a variable underwriting rate equal to the index, plus margin, plus the interest rate cap escrow (if the cap term is shorter than the loan term), plus 3%, converted to an amortizing constant</li><li>■ Mortgage loan amount shall not exceed that of a fixed rate loan of similar terms</li></ul>
Interest Rate	<ul style="list-style-type: none"><li>■ Interest rate adjusts based on changes to the underlying index and is equal to the index plus a margin, subject to periodic and/or lifetime caps as specified in the loan documents, but the interest rate shall never be less than the margin</li><li>■ No limit on rate changes</li></ul>

---

## Structured Adjustable-Rate Mortgage Loans

www.greyc.com

---

Interest Rate Cap	<ul style="list-style-type: none"> <li>■ Structured ARMs have no built-in periodic or lifetime caps. Instead, the borrower must purchase an interest rate cap from an approved interest rate cap provider</li> <li>■ The term of the initial interest rate cap need not be equal to the term of the mortgage loan, but must be for at least 5 years</li> <li>■ If the mortgage loan term is longer than the interest rate cap term, the borrower must escrow monthly for the purchase of the next interest rate cap</li> </ul>
Interest Rate Floor	The interest rate shall never be less than the margin
Accrual	Actual/360
Index	1-month or 3-month LIBOR
Rate Lock	30 to 90-day commitments. An early rate lock feature is available allowing the borrower to lock a rate 45 to 180 days in advance of closing
Conversion to Fixed Rate	<p>Loans have a conversion feature whereby the interest rate may be converted to a 7- or 10-year fixed-rate loan on any rate change date beginning with the first day of the second loan year and ending on the first day of the third month prior to maturity, provided the loan has not been delinquent during the previous 12 months and the borrower is not in default under any loan documents.</p> <ul style="list-style-type: none"> <li>■ No prepayment penalty charged at the time the ARM converts to a fixed rate</li> <li>■ Minimal re-underwriting; lender determines that the current NOI can support the new fixed rate</li> <li>■ No increase in the loan amount; loan may be eligible for a Supplemental loan</li> <li>■ No change in guaranty or servicing fees when the loan converts</li> </ul>
Prepayment Options	<ul style="list-style-type: none"> <li>■ Option 1: One-year lock-out, then declining prepayment premium; 4% second year, 3% third year, 2% fourth year, 1% thereafter</li> <li>■ Option 2: One-year lock-out followed by a 1% prepayment premium thereafter. No prepayment premium during the last 3 months of the loan term</li> </ul>