

Fannie Mae ARM 7-6™

A variable-rate financing option with embedded caps and an option to convert to a fixed rate mortgage loan.

Benefits:	<ul style="list-style-type: none">■ Low-cost financing with initial interest rates lower than fixed rates.■ Maximum interest rate is set at loan origination.■ Ability to convert to fixed rate financing.■ Avoids upfront cost of purchasing an interest rate cap.
Property type:	Multifamily and Senior Housing properties.
Purpose:	Acquisition or refinance.
Loan to Value:	Up to 80% LTV (75% for Senior Housing).
Debt Service Coverage:	DSCR down to 1.15x (1.30x for Senior Housing).
Term:	7-year term.
Interest Accrual:	Actual/360 accrual basis.
Amortization:	Up to 30 years. Interest-only option is available subject to meeting eligibility criteria.
Index:	1-month LIBOR.
Interest Rate:	Interest rate adjusts based on changes to 1-month LIBOR and is equal to the index plus a margin, subject to the following limitations: <ul style="list-style-type: none">■ Maximum monthly interest rate adjustment of 1% up or down.■ Maximum lifetime interest rate, established at rate lock.
Prepayment Provisions:	One-year lock-out followed by a 1% prepayment premium thereafter. No prepayment premium during the last 3 months of the loan term.
Conversion to Fixed Rate:	ARM 7-6 allows the borrower to convert the mortgage loan to a fixed rate at any time beginning on the first day of the second loan year and ending on the first day of the sixth loan year. <ul style="list-style-type: none">■ No prepayment premium is charged at the time that the Mortgage Loan converts.■ Conversion requires minimal re-underwriting; lender determines that the current NOI can support the new fixed rate.■ There is no increase in the loan amount; however, the borrower may request a Supplemental Mortgage Loan, subject to meeting eligibility criteria. There is no change in the guaranty or servicing fees when the loan converts.
Timeline:	60-120 days.