

Fannie Mae DUS® Adjustable-Rate Mortgage (ARM) 7-6

Arbor's DUS® Adjustable-Rate Mortgage (ARM) 7-6 product offers low-cost financing with an initial interest rate lower than available fixed rates, a maximum interest rate that is set upon loan origination, and the ability to convert to fixed-rate financing.

Loan Amount	\$750,000 minimum
Loan Term	7 years
Amortization	Up to 30 years; interest-only option is available subject to meeting eligibility criteria
Minimum DSCR	1.00x at Maximum Interest Rate; Maximum mortgage loan amount shall not exceed that of a fixed-rate mortgage loan with similar terms
Maximum LTV	Up to 80% LTV
Interest Rate Limits	Maximum ARM rate set at rate lock with the cost of the interest rate CAP included; the interest rate will reset every 30 days based on the applicable one-month SOFR yield; 1% maximum increase or decrease to rate at each ARM change; maximum lifetime interest rate to borrower capped at 6%, plus the guaranty fee, plus the servicing fee
Rate Structure	Pricing is based on a margin plus the current one-month SOFR
Eligible Properties	Mortgage loan for the acquisition or refinance of multifamily properties
Eligible Borrower	Single-asset entity
Occupancy Requirement	85% physical occupancy, 70% economic occupancy; 90% if loan amount is under \$9M
Tax and Insurance Escrows	Monthly deposits required
Replacement Reserves	Underwritten at a minimum \$200 per unit per annum for DUS and \$250 per unit per annum for small loans
Recourse	Typically, non-recourse with standard carve-outs for "bad acts," such as fraud and bankruptcy; loans less than \$3M may be recourse (depending on MSA)
ARM Look Back	15-day look back for ARM adjustment
Commercial Space	Maximum 35% of total space and EGI (after applying 10% vacancy factor); underwritten commercial income to be no more than 20% of EGI
Required Reports	Appraisal, Property Condition Assessment, and Phase I Environmental
Pre-payment	Lockout for one year followed by a 1% pre-payment premium during the ARM period; no pre-payment premium during the last three months of ARM term
Assumable	Subject to approval and 1% fee (non-recourse loans only)
Supplemental Loans	Not permitted prior to conversion to fixed rate; the ARM execution is eligible to be used for approved supplemental loans
Pricing	Tiered pricing matrix; more favorable terms available for higher DSC and lower LTV
Accrual	Actual/360
Rate Lock	30-day commitments are available for an additional cost
Application Deposit	\$20,500; covers estimated processing and legal fees

Conversion to Fixed Rate	Any time beginning on the first day of second loan year and ending on the first day of the sixth loan year; the borrower may convert to either a 10/9.5 or a 7/6.5 fixed-yield maintenance loan; no pre-payment charged upon conversion; conversion requires minimal re-underwriting; loan amount cannot be increased, but borrower may request a supplemental loan; no change to guaranty and servicing fees upon conversion
Good Faith Deposit	2% of loan amount
Origination Fee	Minimum 1%