



## FANNIE MAE DUS<sup>®</sup> Adjustable Rate Mortgage (ARM) 7-6

Arbor's DUS 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.

<b>LOAN AMOUNT</b>	\$750,000 minimum
<b>LOAN TERM</b>	7 years
<b>AMORTIZATION</b>	Up to 30 years; interest-only option is available subject to meeting eligibility criteria
<b>MINIMUM DSCR</b>	1.00 at Maximum Interest Rate. Maximum Mortgage Loan amount shall not exceed that of a fixed-rate Mortgage Loan with similar terms.
<b>MAXIMUM LTV</b>	Up to 80% LTV
<b>INTEREST RATE LIMITS</b>	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
<b>RATE STRUCTURE</b>	Pricing is based on a margin plus the current one-month SOFR
<b>ELIGIBLE PROPERTIES</b>	Mortgage loan for the acquisition or refinance of multifamily properties
<b>ELIGIBLE BORROWER</b>	Single Asset Entity
<b>OCCUPANCY REQUIREMENT</b>	85% physical occupancy, 70% economic occupancy; 90% if loan amount is under \$6M
<b>TAX AND INSURANCE ESCROWS</b>	Monthly deposits required
<b>REPLACEMENT RESERVES</b>	Underwritten at a minimum \$250 per unit per annum
<b>RECOURSE</b>	Typically nonrecourse with standard carve-outs for "bad acts" such as fraud and bankruptcy; loans less than \$3M may be recourse (depending on MSA)
<b>ARM LOOK BACK</b>	15-day look back for ARM adjustment
<b>COMMERCIAL SPACE</b>	Maximum 35% of net rentable area and maximum 20% of effective gross income
<b>REQUIRED REPORTS</b>	Appraisal, Property Condition Assessment, Phase I Environmental
<b>PREPAYMENT</b>	Lockout for one year followed by a 1% prepayment premium during the ARM period; no prepayment premium during the last three months of ARM term
<b>ASSUMABLE</b>	Subject to approval and 1% fee (non-recourse loans only)



<b>SUPPLEMENTAL LOANS</b>	Not permitted prior to conversion to fixed rate; the ARM execution is eligible to be used for approved Supplemental Loans
<b>PRICING</b>	Tiered Pricing Matrix; more favorable terms available for higher DSC and lower LTV
<b>ACCRUAL</b>	Actual/360
<b>RATE LOCK</b>	30-day commitments are available for an additional cost
<b>APPLICATION DEPOSIT</b>	\$20,500; covers estimated processing and legal fees
<b>ORIGINATION FEE</b>	Minimum 1%
<b>GOOD FAITH DEPOSIT</b>	2% of loan amount
<b>CONVERSION TO FIXED RATE</b>	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 prepayment 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