



FANNIE MAE DUS[®] 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.

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	1.00 at Maximum Interest Rate
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 \$6,000,000
TAX AND INSURANCE ESCROWS	Monthly deposits required
REPLACEMENT RESERVES	Underwritten at a minimum \$250 per unit per annum
RECOURSE	Typically nonrecourse 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 net rentable area and maximum 20% of effective gross income
REQUIRED REPORTS	Appraisal, Property Condition Assessment, Phase I Environmental
PREPAYMENT	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
ASSUMABLE	Subject to approval and 1% fee (nonrecourse 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
ORIGINATION FEE	Minimum 1%
GOOD FAITH DEPOSIT	2% of loan amount
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 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