

Structured Adjustable Rate Mortgage (SARM)

Arbor's DUS[®] Structured Adjustable Rate Mortgage (SARM) product offers increased proceeds over the fixed-rate product with a lower initial interest rate. With an easy-to-use conversion feature, Arbor's DUS SARM product gives owners an attractive option in a higher interest rate environment.

Loan Amount	\$25M minimum, but flexible depending upon sponsorship
Loan Terms	5, 7, or 10 years
Amortization	Up to 30 years
Minimum DSCR	1.00x at UW Variable Rate; 1.25x at SARM Pay Rate
Maximum LTV	Up to 75%
Rate Structure	Priced off the one-month SOFR; convertible and non-convertible options available
Eligible Properties	Existing, stabilized Conventional; Multifamily Affordable Housing; Seniors Housing; Student Housing; and Manufactured Housing Communities
Eligible Borrower	Single-asset entity
Occupancy Requirement	85% physical occupancy, 70% economic occupancy
Interest Rate Cap	<ul style="list-style-type: none"> • 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 • 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 • If the mortgage loan term is longer than the interest rate cap term, the borrower must escrow monthly for the purchase of the replacement interest rate cap
Tax and Insurance Escrows	Monthly deposits required
Replacement Reserves	Underwritten at a minimum \$200 per unit per annum
Recourse	Non-recourse with standard carve-outs
Commercial Space	Maximum 35% of total space and EGI (after applying a 10% vacancy factor); underwritten commercial income to be no more than 20% of EGI
Assumable	Subject to approval and 1% fee (non-recourse loans only)
Required Reports	Appraisal, Property Condition Assessment, and Phase I Environmental
Pre-payment	Lockout for one year followed by a 1% pre-payment premium or declining pre-payment premium option
Subordinate Financing	Not allowed without written approval
Supplemental Loans	Not permitted prior to conversion to fixed rate
Pricing	Tiered pricing matrix; more favorable terms available for higher DSC and lower LTV
Rate Lock	30-day commitments are available

Application Deposit

\$20,500; covers estimated processing and legal fees

Good Faith Deposit

2% of loan amount

Origination Fee

Minimum 1%; par pricing available