

**FANNIE MAE DUS[®] Adjustable Rate Mortgage (ARM) 7-4**

Arbor's DUS ARM 7-4 product offers a 7-year variable-rate financing option with an embedded cap, and fixed-rate conversion option for properties with 5 to 50 units and Multifamily Affordable Properties of any size.

Minimum Loan Amount	\$1,000,000
Loan Term	7 years.
Amortization	Up to 30 years.
Minimum DSCR	1.00 at the maximum lifetime interest rate to borrower. Mortgage loan shall not exceed that of a fixed-rate loan with similar terms.
Maximum LTV	80%; 75% on cash-out refinances.
Index	One-month LIBOR; 15-day look-back.
Interest Rate	Adjusted based on changes to the underlying index and is equal to the index plus a margin.
Interest Rate Cap	4% MBS Pass-Through Rate; Maximum lifetime interest rate to the Borrower equal to the sum of 4%, plus the Guaranty Fee Rate, plus the Servicing Fee Rate; Interest rate floor equal to the Margin (MBS Investor spread, plus the Guaranty Fee Rate, plus the Servicing Fee Rate); and Interest rate increases or decreases limited to 1% per month.
Accrual	Actual/360.
Eligible Properties	Existing stabilized properties with 5 to 50 units, Multifamily Affordable Properties of any size and Manufactured Housing Communities.
Eligible Borrower	Single Asset Entity.
Occupancy Requirement	85% physical occupancy, 70% economic occupancy; 90% physical occupancy if loan amount is under \$3M.
Tax & Insurance Escrows	Monthly deposits required.
Replacement Reserve	Underwritten at a minimum \$250 per unit per annum.
Recourse	Typically non-recourse with standard carve-outs. Loans less than \$3M may be recourse (depending on MSA).
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	1-year lock out from voluntary prepayment; 1% prepayment premium is applicable following the lock-out period; and no prepayment premium due during the last 3 months prior to the maturity date.
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.

Tiered Pricing Matrix. More favorable terms available for higher DSC and lower LTV.

Rate Lock

30- to 180- 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

\$5M and less can be 1%.

Conversion to Fixed Rate

The ARM 7-4 Loan is convertible to fixed rate loan on any rate change date beginning on the first day of the second loan year and ending on the first day of the sixth loan year. All conversions are subject to the conversion requirements set forth in the Loan Documents; No Prepayment Premium is due at the time of conversion to a fixed-rate Mortgage Loan; and Setting the Guaranty Fee Rate and the Servicing Fee Rate for the fixed-rate Mortgage Loan at current levels when the Borrower enters into a Rate Lock with the Lender for the fixed rate Mortgage.