



FANNIE MAE® Hybrid Adjustable Rate Mortgage (ARM)

Arbor's Hybrid ARM product offers a 30-year mortgage loan, comprised of an initial term where interest accrues at a fixed-rate, after which it automatically converts to accrue interest at an adjustable-rate for the remaining term.

LOAN AMOUNT	Up to \$6 million nationwide
LOAN TERM	7-year fixed rate term, followed by a 23-year adjustable rate term; or 10-year fixed rate term, followed by a 20-year adjustable rate term
AMORTIZATION	30 years
MAXIMUM LTV	Up to 80%
MINIMUM DSCR	1.25x Actual Amortizing DSCR. The maximum loan amount must be determined by using a minimum 1.00x sufficient to cover a debt service constant that equals the sum of (i) the interest rate during the fixed rate term, plus (ii) 2.50%
RATE LOCK	30- to 180-day commitments; Borrowers may lock a rate with the Streamlined Rate Lock option
INTEREST RATE ADJUSTMENTS	Starting in the adjustable-rate period, adjusts based on changes to the underlying index and is equal to the Index plus the Margin
INDEX DURING ADJUSTABLE-RATE TERM	30-day average SOFR
MARGIN DURING ADJUSTABLE-RATE TERM	1.15%, plus the Guaranty Fee and the Servicing Fee in effect at Rate Lock
PREPAYMENT AVAILABILITY	Flexible prepayment options available during the fixed-rate term, including yield maintenance and declining prepayment premium; no prepayment fees during the adjustable-rate period
MAXIMUM INTEREST RATE DURING THE ADJUSTABLE-RATE TERM	Starting with the conversion from the fixed interest rate to the adjustable interest rate and thereafter, maximum semi-annual interest rate adjustment of 1% up or down Maximum lifetime interest rate to Borrower capped at 5% over the initial fixed rate
LIFETIME INTEREST RATE FLOOR	The interest rate will never be less than the Margin
SUPPLEMENTAL FINANCING	Not available
ACCRUAL	30/360 or Actual/360
RECOURSE	Nonrecourse execution with standard carve-outs for "bad acts" such as fraud and bankruptcy



ESCROWS

Replacement reserve, tax, and insurance escrows are typically required

THIRD-PARTY REPORTS

If underwriting to Small Mortgage Loans, then streamlined inspection and Environmental Screening using the ASTM E-1528-14 protocol, otherwise, standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment

APPLICATION DEPOSIT

\$10,000; covers estimated processing and legal fees

ASSUMPTION

Loans are typically assumable, subject to review and approval of the new Borrower's financial capacity and experience