



## FANNIE MAE DUS<sup>®</sup> Adjustable Rate Mortgage (ARM) 5-5

Arbor's DUS<sup>®</sup> ARM 5-5 product offers a 5-year variable rate financing option with an embedded cap and an option to extend for an additional 5-year term or convert to a fixed rate.

<b>BENEFITS</b>	Attractive low-cost financing; no minimum or maximum loan size; maximum interest rate is set at rate lock; optional extension to second 5-year term with minimal re-underwriting; convertible to a fixed-rate loan with minimal re-underwriting
<b>ELIGIBILITY</b>	Existing, stabilized multifamily properties, including: Conventional, Multifamily Affordable Housing, Seniors Housing, Student Housing, and Manufactured Housing Communities; loans for acquisition or refinance
<b>TERM</b>	Initial 5-year loan term; optional extension to a second 5-year term at maturity; rollover will retain the same guaranty and servicing fees as the original loan; rollover will not incur a prepayment premium
<b>AMORTIZATION</b>	Up to 30 years
<b>INTEREST RATE ADJUSTMENTS</b>	Adjusts based on changes to the underlying index and is equal to the index plus the margin
<b>MAXIMUM LTV</b>	65%
<b>MINIMUM DSCR</b>	1.00x at the maximum lifetime interest rate; mortgage loan amount shall not exceed that of a fixed rate loan with similar terms
<b>RATE LOCK</b>	30-day commitments
<b>INDEX</b>	30-day average SOFR
<b>SUPPLEMENTAL FINANCING</b>	Supplemental loans are available
<b>LOCKOUT PERIOD; PREPAYMENT AVAILABILITY</b>	No prepayment is allowed during the first year of either the initial or second 5-year variable rate terms; thereafter, prepayment is permitted with the payment of a 1% prepayment premium; no prepayment premium is due during the "open period" (typically the last 3 months) of either the initial or second 5-year variable rate terms
<b>INTEREST RATE CAP</b>	Maximum monthly interest rate adjustment of 1% up or down; maximum lifetime interest rate to Borrower capped at 5%, plus the guaranty fee, plus the servicing fee
<b>INTEREST RATE FLOOR</b>	The interest rate will never be less than the sum of the investor spread, the guaranty fee and the servicing fee
<b>CONVERSION TO FIXED RATE</b>	Subject to the terms of the loan document, the variable rate mortgage loan may be converted to a fixed rate mortgage loan (with a 7- or 10-year term) on any rate change date beginning on the first day after the Lockout Period and ending on the first day of the third month prior to the Maturity Date <ul style="list-style-type: none"> <li>No prepayment penalty is charged at the time that the variable rate Mortgage loan converts to a fixed rate mortgage loan</li> </ul>



- Minimal re-underwriting; lender determines that the current net cash flow can support the new fixed rate terms
- No increase in the loan amount; loan may be eligible for a Supplemental Loan

**NEW MBS ISSUANCE AT  
CONVERSION TO FIXED OR  
VARIABLE RATE ROLLOVER**

If the Borrower opts to either (i) convert the ARM 5/5 Loan to a fixed-rate Mortgage Loan, or (ii) extend the initial 5-year variable-rate term of the ARM 5/5 Loan for a second 5-year variable-rate term:

- At Conversion to fixed or renewal to a new 5-year variable-rate term, the existing MBS is repaid.
- For a Conversion to a fixed rate, a new fixed-rate MBS is issued.
- For a renewal to a new 5-year variable-rate term, a new variable rate MBS is issued.

**ACCRUAL**

Actual/360

**RECOURSE**

Non-recourse 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**

Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment and Property Condition Assessment

**ASSUMPTION**

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