

Fannie Mae Structured Adjustable-Rate Mortgage Loan

GREYSTONE

Description

Non-recourse variable interest rate financing that is convertible to fixed-rate for the acquisition or refinance of multifamily properties. Eligible for loans of \$25 million or more.

Term

5, 7, or 10 years

Amortization

Up to 30 years

Maximum LTV

65% for Conventional properties and 70% for Multifamily Affordable Housing (MAH) properties

Minimum DSCR

1.05x, using a DSCR calculated based on a maximum note rate. Proceeds must not exceed that of an equivalent fixed-rate mortgage.

Prepayment Options

After a required lock-out period (typically, the first Loan Year), a SARM Loan may be voluntarily prepaid. Lender selects the option of a declining prepayment premium or a 1% prepayment premium. No prepayment premium required during the "open period" (typically the last 3 months of the Mortgage Loan term).

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30-Day Average SOFR

Maximum Note Rate

Sum of (i) the Investor Spread, Guaranty Fee, and Servicing Fee (this sum is called the Margin), plus (ii) the Minimum Cap Strike Rate set by Fannie Mae

Interest Rate

Interest rate adjusts based on monthly changes to the underlying Index and is equal to the Index plus the Margin. No limit on rate changes. The interest rate shall never be less than the Margin.

Interest Rate Cap

Structured ARM Loans 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 must be for at least 5 years. If the Mortgage Loan term is longer than the Interest Rate Cap term, the Borrower must

fund a cash reserve equal to at least 110% of the current replacement cap cost at loan closing for the purchase of the next Interest Rate Cap. Replacement cap escrows cannot be held for longer than 3 years. For transactions where the loan term is 7 or 10 years, the cap term will be on a 3-3-1 or 3-3-3-1 schedule. Replacement cap escrows cannot be held for longer than 3 years.

Third Party Reports

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

Assumability

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

Conversion to Fixed Rate

SARM Loans have a conversion feature whereby the interest rate may be converted to a 7- or 10-year fixed rate loan on any rate change date after the required Lockout Period (typically the first Loan Year) and before the start of the "open period" (typically the last day of the 4th month preceding the end of the loan term), provided the loan has not been delinquent during the previous 12 months and the Borrower is not in default under any Loan Document. No prepayment premium charged at the time the SARM Loan converts to a fixed rate loan. Minimal re-underwriting; Lender must determine that the current Net Cash Flow can support the new fixed rate loan terms. No increase in the loan amount; loan may be eligible for a supplemental.

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