

Fannie Mae Structured Adjustable-Rate Mortgage Loan

GREYSTONE

Description

Fannie Mae's Multifamily Mortgage Business offers long term financing with a very competitive variable interest rate that is convertible to a fixed rate.

Benefits

- Attractive low-cost financing
- Convertible to fixed-rate financing
- Flexible prepayment options
- Ability to choose interest rate cap

Eligibility

- Existing, stabilized multifamily properties, including: Conventional, Multifamily Affordable Housing, Seniors Housing, Student Housing, and Manufactured Housing Communities. Moderate Rehabilitation Loans may be eligible on a case-by-case basis
- Credit Enhancements and Substantial Rehabilitation are not eligible
- Loans of \$25 million or more
- Loans for acquisition or refinance

Term

5, 7, or 10 years

Amortization

Up to 30 years

Maximum LTV

75%

Minimum DSCR

1.00x, using a DSCR calculated based on a variable underwriting rate. Mortgage loan amount shall not exceed that of a fixed-rate loan of similar terms.

Interest Rate

Interest rate adjusts based on changes to the underlying Index and is equal to the Index plus the Margin. No limit on rate changes.

Variable Underwriting Rate

Sum of (i) the Index, plus (ii) the investor spread, guaranty fee and servicing fee (the "Margin"), plus (iii) the interest rate cap escrow expressed as a percentage (if the cap term is shorter than the loan term), plus (iv) 3%, plus (v) the amortizing constant for that built-up rate.

Third Party Reports

Standard third-party reports required, including Appraisal, 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

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 beginning with the first day of the second loan year and ending on the first day of the third month prior to maturity, 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 penalty charged at the time the SARM converts to a Fixed Rate.
- 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.

Prepayment Options

After a one-year lock-out period, loans may be voluntarily prepaid. Lender selects the option of a declining prepayment premium or a 1% prepayment premium. No prepayment premium required during the last 3 months of the loan term. When refinancing into a fixed-rate product with Fannie Mae, the prepayment premium may be waived under certain conditions.