

## Description

Fannie Mae's Hybrid ARM offers small loan borrowers flexible, long-term financing with attractive prepayment options, and competitive pricing.

## Asset Classes

Conventional Small Mortgage Loans and Manufactured Housing Communities

## Loan Amount

Up to \$6 million in all markets

## Loan Term

7- or 10-year fixed-rate term followed by 23- or 20-year adjustable-rate term

## Prepayment

Yield maintenance and graduated prepayment options available. Completely open prepayment during the adjustable rate period.

## Amortization

Up to 30 years

## Debt Service Coverage

1.25x minimum DSCR

## Loan to Value

Up to 75% maximum LTV for refinances and 80% for acquisitions

## Index during adjustable rate term

6-month LIBOR

## Margin during adjustable-rate term

0.80%, plus the Guaranty Fee Rate and the Servicing Fee Rate in effect at Rate Lock.

## Maximum interest rate during 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 floor during adjustable-rate term**

During the adjustable-rate term, the interest rate will never be less than the Margin

## **Occupancy**

Properties must demonstrate a minimum occupancy of 90% for a 12-month period prior to commitment, with 90% for 90 days available on a case-by-case basis.

## **Net Worth & Liquidity**

Net worth equals to the loan amount and liquidity equal to 9 months P&I required.

## **Recourse**

Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy

## **Taxes & Insurance Escrows**

Required for Tier II business and generally not required for Tiers III and IV

## **Replacement Reserve Escrows**

Generally, not required for qualifying Borrowers

## **Assumptions**

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

## **Supplemental Financing**

Supplemental Mortgage Loans are not available

## **Timing**

45-60 days from complete application to commitment