

Fannie Mae | Multifamily Affordable

ARM 7-4

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PRODUCT DESCRIPTION	7-year variable-rate financing option with an embedded cap, and fixed rate conversion option for Multifamily Affordable Properties of any size.
MINIMUM DSCR	1.00x at the maximum lifetime interest rate to Borrower. The Mortgage loan amount shall not exceed that of a fixed rate loan with similar terms.
MAXIMUM LTV	80%
TERM	7 Years
AMORTIZATION	Up to 30 years
PREPAYMENT	No prepayment first year, 1% prepayment premium thereafter. No prepayment premium during the last 3 months of the loan term.
INDEX	Pricing is based off the 1-month LIBOR
INTEREST RATE	Adjusts based on changes to the underlying index and is equal to the index plus a margin
INTEREST RATE CAP	Maximum monthly interest rate adjustment of 1% up or down and a Maximum lifetime interest rate to Borrower capped at 4%, plus the guaranty fee, plus the servicing fee.
INTEREST RATE FLOOR	The sum of the investor spread, the guaranty fee, and the servicing fee
RATE LOCK	30-to-180 day commitments available.
PERSONAL LIABILITY	Non-recourse with standard carve-outs for "bad acts"
CONVERSION TO FIXED RATE	The loan may be converted to a fixed-rate loan on any rate change date beginning on the first day of the second loan year and ending on the first day of the sixth loan year. <ul style="list-style-type: none">♦ No prepayment premium is charged at the time that the Mortgage Loan converts.♦ No change in guaranty or servicing fees when the loan converts.♦ Conversion requires minimal re-underwriting; lender determines that the current NOI can support the new fixed rate.
THIRD PARTY REPORTS	Appraisal, Phase I Environmental Report, and Physical Needs Assessment are required; a Seismic Report may be required for properties in Seismic Zones 3 and 4
APPLICATION FEE	Covers third party reports and processing/underwriting costs
FINANCING FEE	Earned at borrower's acceptance of loan commitment and payable at closing
TIMELINE	60-90 days; depends upon timing of third party reports and borrower's submission of due diligence
