

FANNIE MAE DUS®

Flexible Choice Bridge

We offer two variable-rate financing options: the ARM 7-6™ Loan and the Structured ARM (SARM) Loan, each of which offers a fixed-rate conversion feature.

BENEFITS

- Re-syndication solution.
- Interest-only options available.
- Interest rate cap options.
- Attractive, low-cost acquisition solution for preservation of Multifamily Affordable Properties.
- Convertible to fixed-rate.

ELIGIBILITY	Existing, stabilized Multifamily Affordable Housing Properties.
TERM	ARM 7-6 Loan: 7 years. SARM Loan: 5, 7, or 10 years.
LOAN SIZE	No minimum or maximum loan amount. (Except SARM Loans that are not re-syndication transactions must be \$5 million or greater). Mortgage loan amount shall not exceed that of a fixed-rate loan with similar terms.
AMORTIZATION	Up to 30 years.
MAXIMUM LTV	Up to 80%.
MINIMUM DSCR	ARM 7-6™ - 1.00x using the maximum lifetime interest rate. SARM Loans - 1.00x using a variable underwriting rate equal to the sum of (i) the Index, plus (ii) the Investor spread, Guaranty Fee Rate, and Servicing Fee Rate (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.
LOCKOUT PERIOD; PREPAYMENT AVAILABILITY	Mortgage Loan is locked-out from Prepayment for first 12 months, with a 1% Prepayment Premium thereafter. No prepayment premium is owed during the last 3 months of the loan term. SARM Loans also offer the option of a one-year Lockout Period, then Declining Prepayment Premium of 4% in the second year, 3% in the third year, 2% in the fourth year, and 1% thereafter.
INTEREST RATE ADJUSTMENTS	Adjusts based on changes to the underlying Index and is equal to the Index plus the Margin. A SARM Loan has no limit on rate changes that may occur over the loan term.
Rate Lock	30-day commitments available.
INDEX	1 month LIBOR for ARM Loans. 1 or 3 month LIBOR for SARM Loans.
INTEREST RATE CAP	ARMs 7-6™ have maximum monthly interest rate adjustment of 1% up or down. The maximum lifetime interest rate to Borrower is capped at 6%, plus the guaranty fee, plus the servicing fee. SARM 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, with a minimum initial cap term of 5 years.
INTEREST RATE FLOOR	The interest rate shall never be less than the Margin.

In its prequalifying review, Lument will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.

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CONVERSION TO FIXED-RATE	<p>Subject to the terms of the loan documents, the Mortgage Loan may be converted to a fixed-rate Mortgage 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 for an ARM 7-6™, or the first day of the third month prior to maturity for a SARM Loan.</p> <p>No prepayment premium is charged at the time that the Mortgage Loan converts.</p> <p>Conversion requires minimal re-underwriting; Lender determines that the current Net Cash Flow can support the new fixed-rate.</p> <p>No increase in the loan amount, although the Property may be eligible for a Supplemental Loan.</p>
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.