

FANNIE MAE DUS®

Hybrid ARM Loans

A 30 year Mortgage Loan, comprised of an initial term where interest accrues at a fixed-rate, after which it automatically converts to accrue interest at an adjustable rate for the remaining term.

BENEFITS

- Competitive interest rates.
- Lower cost of execution.
- Delegated Model provides Lenders and Borrowers speed and certainty of execution.
- No Underwriting Floor or Fixed-rate test.
- Flexible prepayment terms.

ELIGIBILITY	<ul style="list-style-type: none"> • Properties with loan amount \$6 million or less, regardless of location. • Properties with 5-50 units and loan amount \$6 million or less, regardless of location. • Existing stabilized multifamily properties, including Conventional properties and Manufactured Housing Communities. • Loans for acquisition or refinance.
TERM	7-year fixed-rate term, followed by a 23-year adjustable rate term; or 10-year fixed-rate term, followed by a 20-year adjustable rate term.
AMORTIZATION	30 years.
MAXIMUM LTV	Up to 80%.
MINIMUM DSCR	The maximum loan amount must be determined by using a minimum 1.00 DSCR sufficient to cover a debt service constant that equals the sum of the interest rate during the fixed-rate term, plus 2.50%.
RATE LOCK	30- to 180-Day commitments available. Borrowers may be eligible to lock the interest rate using the Streamlined Rate Lock option.
INTEREST RATE ADJUSTMENTS	Starting in the adjustable rate period, adjusts based on changes to the underlying index and is equal to the index plus the Margin.
INDEX DURING ADJUSTABLE RATE TERM	30-day Average SOFR.
MARGIN DURING ADJUSTABLE RATE TERM	1.15%, plus the Guaranty Fee Rate and the Servicing Fee Rate in effect at Rate Lock.
PREPAYMENT AVAILABILITY	Flexible prepayment options available during the fixed-rate term, including yield maintenance and declining prepayment premium. No prepayment premium required for any prepayment during the adjustable rate period.
MAXIMUM INTEREST RATE DURING THE 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 INTEREST RATE FLOOR	The interest rate will never be less than the Margin.
SUPPLEMENTAL FINANCING	Supplemental Mortgage Loans are not available.

For important disclosures about Lument and the information found in this term sheet [click here](#).

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	If underwriting to Small Mortgage Loans, then streamlined inspection and Environmental Screening using the ASTM E-1528-14 protocol are permitted; otherwise, standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
ASSUMPTION	Mortgage Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.