

## DUS ARM Program

<b>Description</b>	Non-recourse, assumable adjustable rate financing for the acquisition or refinance of stabilized, market-rate multifamily rental or cooperative properties. Four programs are available: convertible 1-month ARM, convertible 3-month ARM, non-convertible 1-month ARM, and non-convertible 3-month ARM.
<b>Loan Amount</b>	Minimum \$3,000,000.
<b>Loan Terms</b>	5, 7 and 10-year loan terms are available.
<b>Amortization</b>	25 or 30 years, based on property condition. Interest-only financing is available.
<b>Loan-to-Value Maximum</b>	Maximum 80% of appraised value, or if property has been purchased within the past 12 months, 80% of lower of a) purchase price, plus value added renovation, plus 3% closing costs or b) appraisal.
<b>Coverage Minimum</b>	1.00x minimum at maximum lifetime cap interest rate.
<b>Index</b>	One-month or 3-month LIBOR, depending on ARM program. 3%, 4% and 4.5% lifetime caps and floors are available; periodic cap is 1%.
<b>Adjustment Period</b>	One- or 3-months, depending on ARM program selected; 45-day lookback when 3 months, 15 days when 1 month.
<b>Prepayment Terms</b>	One year lockout with 1% of unpaid principal balance thereafter. A declining prepayment schedule is also offered. No prepayment penalty is due during the last 90 days of loan. Prepayment fee is waived if loan converts to fixed rate.
<b>Conversion Option</b>	Conversion option is available in Years 2-5 of either a 7-year or 10-year loan. At the time of conversion, the loan can convert to either a 7- or 10-year fixed loan.
<b>Interest Rate</b>	Pricing varies with LTV and DSC ratios, lower risk rewarded with lower pricing. Interest rates change monthly or quarterly, depending on ARM program selected. "Plus Plus" pricing is available only with Declining Prepayment Schedule.
<b>Borrower</b>	Domestic single asset borrowing entity is required.

*Continued on Reverse*

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<b>Third Party Reports</b>	MAI appraisal, Physical Needs Assessment, and Environmental Phase I Assessment are required, plus Seismic Report for properties in Seismic Zone 4.
<b>Reserves</b>	Tax and insurance escrows are required. Repair and Replacement escrow funding is required, based on engineer's Physical Needs Assessment. For loans at less than 65% of value with no deferred maintenance, funding of repair and replacement reserve can be waived, at lender's discretion.
<b>Supplemental Loans</b>	Supplemental financing is allowed only if the mortgage has converted to fixed rate.
<b>Application Fee</b>	Approximately \$12,500 to \$15,000; covers 3rd party reports and underwriting costs.
<b>Origination Fee</b>	Fannie Mae requires minimum origination fee equal to one percent of loan amount; can be reduced for loans over \$9 million. Fee can be charged "outside" of the interest rate as a separate fee, or it can be built into the rate.
<b>Legal Fees</b>	\$8,000 to \$10,000, varying with characteristics of the deal.
<b>Timing</b>	45 - 50 days from application to commitment; dependent on 3rd party report timing and borrower's submission of due diligence.
<b>Rate Lock</b>	Typically, rate lock occurs after commitment is issued. Early Rate Lock option is available, allowing rate lock within 3-4 weeks of application.