Structured Adjustable Rate Mortgage Loans (SARM)

Eligible Properties	- Conventional properties; Multifamily Affordable Housing Properties; Seniors Housing Properties; Student Housing Properties; and Manufactured Housing Communities. - Mortgage Loans secured by properties undergoing Moderate Rehabilitation may be eligible on a case-by-case basis. - Loans for acquisition or refinance.
Index	1-month or 3-month LIBOR
Loan Amounts	Fully nonrecourse during both construction and permanent phases of financing
Loan Amount	$25,000,000 or more
Term	5, 7, or 10 years
Amortization	Up to 30 years
Accrual	Actual/360
Maximum LTV	75%
Interest Rate Adjustments	- Interest rate adjusts based on changes to the underlying Index and is equal to the Index plus the Margin, but the interest shall never be less than the Margin - No limit on rate changes
Interest Rate Cap	- Structured ARMs have no built-in periodic or lifetime caps. Instead, the Borrower must purchase an interest rate cap from an approved interest rate cap provider. - The term of the initial interest rate cap need not be equal to the term of the mortgage loan, but must be for at least 5 years. - If the mortgage loan term is longer than the interest rate cap term, the Borrower must escrow monthly for the purchase of the next interest rate cap.
Interest Rate Floor	The interest rate shall never be less than the Margin.
Prepayment	Loans may be voluntarily prepaid upon payment of graduated prepayment premium based on one of the following options selected prior to the loan commitment: a. One-year lock-out, then declining prepayment premium; 4% second year, 3% third year, 2% fourth year, 1% thereafter. b. One-year lock-out followed by a 1% prepayment premium thereafter. No prepayment premium during the last 3 months of the loan term.
Debt Coverage Ratios	- 1.00x, using a DSCR calculated based on a variable underwriting rate equal to sum of (i) the index, plus (ii) The investor spread, guaranty fee and servicing fee, plus (iii) The interest rate cap escrow, plus (iv) 3%, plus (v) the amortizing constant for that built-up rate.\ - Mortgage loan amount shall not exceed that of a fixed rate loan of similar terms.
Conversion to Fixed Rate	Loans have a conversion feature whereby the interest rate may be converted to a 7 or 10-year fixed rate loan on any rate change date beginning with the first day of the second loan year and ending on the first day of the third month prior to maturity, provided the loan has not been delinquent during the previous 12 months and the Borrower is not in default under any loan documents. 1. No prepayment penalty charged at the time the ARM converts to a Fixed Rate 2. Minimal re-underwriting; Lender determines that the current NOI can support the new Fixed Rate 3. No increase in the loan amount; loan may be eligible for a Supplemental loan.

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