

# Structured Adjustable-Rate Mortgage

<b>BENEFITS</b>	<ul style="list-style-type: none"> <li>• Attractive low-cost financing.</li> <li>• Convertible to fixed-rate.</li> <li>• Flexible loan terms and prepayment options.</li> <li>• Ability to choose interest rate cap provider.</li> </ul>
<b>ELIGIBILITY</b>	<ul style="list-style-type: none"> <li>• Existing, stabilized Conventional properties, Multifamily Affordable Housing properties, Seniors Housing properties, Student Housing properties and Manufactured Housing Communities.</li> <li>• Mortgage Loans secured by properties undergoing Moderate Rehabilitation may be eligible on a case-by-case basis.</li> <li>• Credit Enhancement Mortgage Loans and Substantial Rehabilitation are not eligible.</li> <li>• Loans of \$25 million or more.</li> </ul>
<b>TERM</b>	5, 7 or 10 years.
<b>AMORTIZATION</b>	Up to 30 years.
<b>INTEREST RATE ADJUSTMENTS</b>	Interest rate adjusts based on changes to the underlying Index and is equal to the Index plus the Margin. No limit on rate changes.
<b>MAXIMUM LTV</b>	75%.
<b>MINIMUM DSCR</b>	1.00x, using a DSCR calculated based on a variable underwriting rate. Mortgage loan amount shall not exceed that of a fixed-rate loan of similar terms.
<b>RATE LOCK</b>	Maximum 30-day commitments.
<b>SUPPLEMENTAL FINANCING</b>	Supplemental loans are available.
<b>PREPAYMENT AVAILABILITY</b>	After a one-year lock-out period, loans may be voluntarily prepaid. Lender selects the option of a declining prepayment premium or a 1% prepayment premium. No prepayment premium required during the last 3 months of the loan term.
<b>VARIABLE UNDERWRITING RATE</b>	Sum of (i) the Index, plus (ii) the investor spread, guaranty fee and servicing fee (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.
<b>INDEX</b>	30-day Average SOFR.
<b>INTEREST RATE CAP</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<b>INTEREST RATE FLOOR</b>	The interest rate shall never be less than the Margin.



**CONVERSION TO FIXED RATE**

Subject to the terms of the Loan Document, the variable rate Mortgage Loan may be converted to a fixed-rate Mortgage Loan (with a 7-or 10-year term) on any rate change date beginning on the first day after the Lockout Period and ending on the first day of the third month prior to the Maturity Date.

- No Prepayment Premium charged at the time the variable rate Mortgage Loan converts to a fixed-rate Mortgage Loan.
- Minimal re-underwriting. Lender determines that the current Net Cash Flow can support the new fixed-rate terms.
- No increase in the loan amount; loan may be eligible for a Supplemental Loan.

**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.

**ASSUMPTION**

Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.

