

## 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.

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| <b>ELIGIBILITY</b>   | <ul style="list-style-type: none"> <li>• Properties with loan amount \$6 million or less, regardless of location.</li> <li>• Properties with 5-50 units and loan amount \$6 million or less, regardless of location.</li> <li>• Existing stabilized multifamily properties, including Conventional properties and Manufactured Housing Communities.</li> <li>• Loans for acquisition or refinance.</li> </ul> |
| <b>TERM</b>  | 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.   |
| <b>AMORTIZATION</b>  | 30 years.   |
| <b>MAXIMUM LTV</b>   | Up to 80%.  |
| <b>MINIMUM DSCR</b>  | 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%.  |
| <b>RATE LOCK</b>   | 30- to 180-Day commitments available. Borrowers may be eligible to lock the interest rate using the Streamlined Rate Lock option.   |
| <b>INTEREST RATE ADJUSTMENTS</b>                             | Starting in the adjustable rate period, adjusts based on changes to the underlying index and is equal to the index plus the Margin.   |
| <b>INDEX DURING ADJUSTABLE RATE TERM</b>                     | 30-day Average SOFR.  |
| <b>MARGIN DURING ADJUSTABLE RATE TERM</b>                    | 1.15%, plus the Guaranty Fee Rate and the Servicing Fee Rate in effect at Rate Lock.  |
| <b>PREPAYMENT AVAILABILITY</b>                               | Flexible prepayment options available during the fixed-rate term, including yield maintenance and declining prepayment premium.<br>No prepayment premium required for any prepayment during the adjustable rate period.   |
| <b>MAXIMUM INTEREST RATE DURING THE ADJUSTABLE RATE TERM</b> | 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.<br>Maximum lifetime interest rate to Borrower capped at 5% over the initial fixed-rate.  |
| <b>LIFETIME INTEREST RATE FLOOR</b>                          | The interest rate will never be less than the Margin.   |
| <b>SUPPLEMENTAL FINANCING</b>                                | Supplemental Mortgage Loans are not available.  |

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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| <b>ACCRUAL</b>             | Actual/360.  |
| <b>RECOURSE</b>            | Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.   |
| <b>ESCROWS</b>             | Replacement reserve, tax, and insurance escrows are typically required.  |
| <b>THIRD-PARTY REPORTS</b> | 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. |
| <b>ASSUMPTION</b>          | Mortgage Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.  |