



Fannie Mae

Fixed+1

DESCRIPTION

Fannie Mae's Fixed+1 loan product offers borrowers the combination of an attractive fixed rate for an initial term of 5 to 15 years followed by a 1- year adjustable rate term during which the loan may be repaid without a prepayment premium. Fixed+1 can be used for the acquisition or refinance of multifamily properties (minimum of 5 units). Fannie Mae approval is required to use Fixed+1 for Moderate Rehabilitation, Seniors Housing, or Student Housing. Fixed+1 is not available for Multifamily Affordable Housing mortgages or Bond Credit Enhancements.

BENEFITS / FEATURES

- The flexibility to take as little as one month or as much as one year to refinance the loan, because Fixed+1 loans can be repaid at any time during the 1-year ARM period without a prepayment premium.
- A variety of loan terms, including 5-, 7-, 9-, 10- and 15-year fixed rate periods, each followed by a 1-year ARM period.
- Pricing is based on the fixed-rate term, and the mortgage margin for the adjustable-rate term is locked up front.

LOAN STRUCTURE

LOAN AMOUNT	There are no minimum or maximum loan amounts.
LOAN TO VALUE	75% (maximum).
DEBT SERVICE COVERAGE	DSCR is calculated based on a Variable Underwriting Rate equal to the index, plus margin, plus interest rate cap escrow (if cap term shorter than loan term), plus 3%, converted to an amortizing constant. The minimum DSCR depends on the LTV and other risk characteristics of the loan..
LOAN TERMS	Fixed-rate balloon mortgages with terms of 6-, 8-, 10-, 11- or 16-years. The loans are comprised of an initial fixed-rate period followed by an automatic conversion to a 1-year ARM period for the last year of the loan term. Additional loan terms may be available with Fannie Mae approval.
AMORTIZATION	Amortizing (25- or 30-year terms) or full and partial interest-only, based on standard DUS requirements.
RECOURSE	Non-recourse except for standard carve-out provisions.
RATES	The initial 5-, 7-, 9-, 10-, or 15-year period carries a fixed interest rate. The 1-year ARM period carries an adjustable interest rate that is equal to 1-month LIBOR plus a margin of 2.40%. Competitive rates priced daily. Call for quote.

OPTIONAL FEATURES

SUPPLEMENTAL FINANCING	Available with Lender approval. For purposes of determining compliance with standard requirements, the end of the fixed-rate period should be considered the maturity date. Supplemental loans may not be placed on fixed+1 loans during the 1-year arm period.
ASSUMABILITY	Loans are assumable (except during the 1-year arm period), subject to review and approval by lender and Fannie Mae.
PREPAYMENT	Loans may be prepaid in full at any time during the initial fixed-rate period subject to yield maintenance. The yield maintenance period runs to the end of the fixed-rate period. The loan may be repaid at any time during the ARM period without a prepayment premium.
EARLY RATE LOCK	Standard commitments of up to 90 days are available. Cash Fixed+1 loans are also eligible for Extended Rate Lock, which provides for commitments of up to one year.