

# Fannie Mae DUS<sup>®</sup> Multifamily ARM 7-6<sup>™</sup> Adjustable Rate Mortgage Financing

**RED Mortgage Capital, LLC** is an approved Fannie Mae DUS<sup>®</sup> (Delegated Underwriting and Servicing) mortgage lender that underwrites, funds, and services first lien mortgage loans on multifamily, seniors, and student housing nationwide. As a DUS Lender,

**RED Mortgage Capital, LLC** offers two adjustable rate products: ARM 7-6<sup>™</sup> and Structure Adjustable Rate Mortgages (SARM). **RED Mortgage Capital, LLC** is responsible for all underwriting and credit review and can sell ARM 7-6<sup>™</sup> mortgages to Fannie Mae on an expedited, delegated basis with no time-consuming prior review on Fannie Mae's part.

## **LOAN AMOUNT:**

\$3,000,000 and up

## **TERM:**

7 years

## **AMORTIZATION:**

Up to 30 years

## **LOAN TO VALUE RATIOS:**

Varies by market and transaction but typically ranges from 75% - 80%

## **DEBT COVERAGE RATIOS:**

- Varies by market and transaction but the minimum is 1.00x at lifetime capped interest rate with amortization
- Loan amount cannot exceed that of a fixed rate loan with similar terms

## **FEATURES:**

- Non-Recourse, with exception of standard carve-outs
- Assumable with lender approval and 1.0% fee
- Convertible or Non-Convertible

## **APPLICATION FEE:**

Generally \$20,000 (non-refundable). Includes Architectural/Engineering Report, Phase I Environmental Report, Appraisal Report, Property Inspection, and \$5,000 legal deposit. All third party reports must be contracted by **RED Mortgage Capital, LLC**.

## **PRICING:**

Fees and interest rates are quoted daily. Contact your **RED Mortgage Capital, LLC** banker for specific pricing.

## **RATE ADJUSTMENT PERIOD:**

One month

## **INDEX:**

One month LIBOR

## **PERIODIC CAP AND FLOOR:**

+/- 1.00%

## **LIFETIME CAP AND FLOOR:**

Maximum 7.5% lifetime note rate (subject to change). The floor rate is equal to the spread. Cap is embedded in margin.

## **PREPAYMENT:**

One year lockout followed by 1% prepayment period thereafter. There is no prepayment fee during the 3 months prior to the loan's maturity date.

## **CONVERSION TO FIXED RATE:**

Convertible loans may convert to fixed rate in years 2 through 5.

## **ELIGIBLE PROPERTIES:**

Stabilized properties with at least 5 units (typically over 50 units) with proven location and management. Up to 20% commercial component permitted. Eligible properties include conventional, affordable housing, student housing, seniors housing, and manufactured housing.

## **BORROWER:**

Single asset, single purpose entities (some exceptions permitted)

## **REQUIREMENTS:**

- Escrow accounts for insurance, real estate taxes, special assessments
- Replacement reserve account
- Repairs must be completed within 12 months of loan closing, if applicable

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For additional information visit [www.redcapitalgroup.com](http://www.redcapitalgroup.com) or contact:

**Todd A. Rodenberg**  
Senior Managing Director  
Chief Credit Officer  
**RED Mortgage Capital, LLC**  
[tarodenberg@redcapitalgroup.com](mailto:tarodenberg@redcapitalgroup.com)  
469.385.1342  
800.837.5100 toll-free

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In its prequalifying review, **RED Mortgage Capital, LLC** 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.