



# Multifamily Selling and Servicing Guide

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## Section 1302 Interest Rate Conversion Date

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### Requirements

The conversion of the interest rate from fixed to adjustable is mandatory and automatic. After Fannie Mae confirms the Commitment for the Hybrid ARM Loan, it may not be modified.

After the Hybrid ARM Conversion Date, interest will accrue at the applicable adjustable rate, up to and including the Maturity Date.

### Operating Procedures

As an example of the conversion to adjustable rate date calculation in [Part III, Chapter 13: Hybrid Adjustable Rate Mortgage \(Hybrid ARM\) Loans, Section 1301: Description](#):

- If the effective date of the Loan Documents is July 1, 2019, and the fixed rate term is 7 years, then the Hybrid ARM Conversion Date would be July 1, 2026.
- If the fixed rate term is 7 years and the effective date is any other date in July 2019, then the Hybrid ARM Conversion Date would be August 1, 2026.



## Glossary

### C

**Commitment** Contractual agreement between Fannie Mae and the Lender where Fannie Mae agrees to buy a Mortgage Loan from the Lender at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and the Lender agrees to Deliver that Mortgage Loan to Fannie Mae.

**Synonyms**

- Committed
- Commitments

### H

**Hybrid ARM Loan** Mortgage Loan with a total term of 30 years, comprised of an initial term when interest accrues at a fixed rate, and which automatically converts to a term where interest accrues at an adjustable rate.

**Synonyms**

- Hybrid ARM Loans

### L

**Loan Documents** All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

**Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

### M



## Maturity Date

Date all amounts due and owing under the Mortgage Loan become fully due and payable per the Loan Documents.

### **Synonyms**

- Maturity Dates