ARM Details Tip Sheet – Listed below are instructions for keying the applicable ARM information based on product chosen in the FLCBank LOS at Import.

1. Once you have **imported your loan** and have **accessed the loan from the pipeline**. *Refer to the Resource Center, How To Submit a Loan Section for process.*
2. **Go to the Lending Portal – URLA** on the left navigation, then go to the **Loan Details Screen**.
    - **ARM Details:** Will be in the center section of the Loan Details Screen and will appear <u>if you have selected an ARM product</u> upon import.
        o You will **enter or ensure** the applicable ARM information fields are correct based on the product you chose by utilizing the chart below. Make sure you refer to the correct product/product code which is also in our posted Product Guidelines.
    - **Amortization Type: If you do not see the ARM Details section** and you did select the correct product. Then you need to review the Amortization field on the Loan Details screen. You need to ensure it imported over as **Adjustable Rate**. **If Fixed**, this was imported from your LOS 3.4 file. **Please update to Adjustable Rate**. Then the ARM Details section will appear.
3. **Register/Lock your loan -** *Refer to the Resource Center – How To Submit a Loan Section, Importing and Registering Category*; **utilize the OB Register-Update Registration and Lock procedures**.
4. **Go BACK to the Lending Portal – URLA** on the left navigation once you register/lock the loan, then go to the **Loan Details Screen**. Verify Data to ensure all correct and the Index populated.
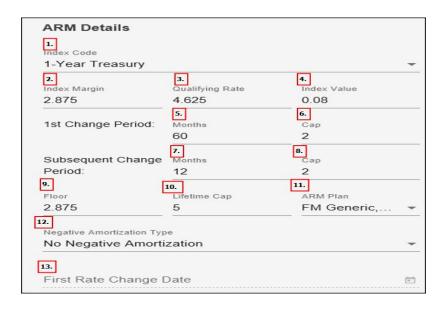
ARM Details Fields: **Lending Portal - URLA** **Loan Details Screen**	**Preferred ARM Products**
1. Index Code:	1 Year Treasury - *All products*
2. Index Margin	2.875% - *All products*

3. Qualifying Rate:	• **Qualifying ARM Rate** (Conforming and Non-Conforming)
	   • **5/1 ARM** NGC51 & NGL51**:** The qualifying rate is the <u>greater</u> of the **Note Rate +2 % Or** the **Fully Indexed Rate** *
	   • **7/1 ARM** NGC71 & NGL71, **10/1ARM** NGC10 & NGL10, **15/1 ARM** NGC151 & NGL151: The qualifying rate is based on the <u>greater</u> of the **Note Rate or** the **Fully Indexed Rate** *
	
	• **Qualifying <u>Interest-Only</u> ARM Rate** (Conforming and Non-Conforming)
	   • **5/1 ARM** P5IO & N51IO**–** **Interest Only:** The qualifying rate is the <u>greater</u> **of either**:
	      o The **Note Rate +2 %** amortized over 300 months, **or**
	      o The **Fully Indexed Rate** amortized over 300 months *
	   • **7/1 ARM** P71I**O** & N71IO**–** **Interest Only:** The qualifying rate is the <u>greater</u> **of either**:
	      o The **Note Rate** amortized over 276 months, **or**
	      o The **Fully Indexed Rate** amortized over 276 months *
	   • **10/1 ARM** P10IO & N10IO **– Interest Only:** The qualifying rate is the <u>greater</u> **of either**:
	      o The **Note Rate** amortized over 240 months, **or**
	      o The **Fully Indexed Rate** amortized over 240 months *
	
	*Fully Indexed Rate is defined here as the index plus the margin which is rounded to the nearest one-eighth percent

ARM Details Fields: Lending Portal - URLA Loan Details Screen	Preferred ARM Products
4. Index Value:	Varies with CMT index per day/*week – field will populate once registered / locked*
5. 1st Change Period Months:	❖ **1st Change Period "Months" ARMS:** (Conforming and Non-Conforming) by Product Codes: • **60 Months** - 5/1 ARM NGC51, NGL51, **5/1 ARM** <u>Interest Only</u> P5IO & N51IO • **84 Months** - 7/1 ARM NGC71 & NGL71, **7/1 ARM** <u>Interest Only</u> P71IO & N71IO • **120 Months** - 10/1 ARM NGC10 & NGL10, **10/1 ARM** <u>Interest Only</u> P10IO & N10IO • **180 Months** - 15/1 ARM NGC151 & NGL15
6. 1st Change Period Cap:	• **2%** - <u>**All**</u> Preferred ARM products **except the following product** • **5%** - 15/1 ARM NGC151 & NGL151
7. Subsequent Change Period Months:	**12 Months** – *All Preferred ARM products*
8. Subsequent Change Period Cap	**2%** - *All Preferred ARM products*
9. Floor:	**2.875%** - *All Preferred ARM products*
10. Lifetime Cap:	**5%** - *All Preferred ARM products*
11. ARM Plan	**FM Generic**, - *All Preferred ARM products*
12. Negative Amortization Type:	**No** – *All Preferred ARM products*
13. First Rate Change Date:	***N/A*** – *this field is system calculated from the first payment due date when the closing docs are drawn*

ARM Details Example: N51IO Preferred ARM – Interest Rate of 2.625%

The numbers on each field below corresponds to the number of the field on the instructions above.

ARM Details Fields: **Lending Portal - URLA** **Loan Details Screen**	**SOFR ARM Products**
1. Index Code:	**SOFR** – *All products*
2. Index Margin	**2.75%** - *All products*

3. Qualifying Rate:	**Qualifying ARM Rate** (Fannie Mae AUS)
	   o **5/6 ARM –** The Borrower is qualified at the **greater** of the Fully Indexed Rate or the Note Rate plus 2%
	   o **7/6 and 10/6 ARM –** The Borrower is qualified on:
	      o No less than the **Note Rate**
	   Exception: 7/6 and 10/6 ARMs in IL, MA, MD (Purchase only), NM and PA require qualifying rate at the greater of the note rate or the fully indexed rate (index rate + margin).
	
	   Note: Loans where the fully-indexed rate must be used for qualification purposes require a manual underwrite and are ineligible for financing at FLCBank.
	
	Qualifying ARM Rate (Freddie Mac AUS)
	   o **5/6 ARM -** The Borrower is qualified at the **greater** of the Fully Indexed Rate or the Note Rate plus 2%
	   Note: 5/6 ARMs cannot be HPML/HPCT
	   o **7/6 and 10/6 ARM** –** The Borrower is qualified on:
	      o The **Note Rate** for Mortgages **that are <u>not</u>** Higher-Priced Covered Transactions (HPCTs) or Higher-Priced Mortgage Loans (HPMLs).
	      o The **greater of the Note Rate or the Fully Indexed rate** for Mortgages **that are** HPCTs or HPMLs.
	   Exception: 7/6 and 10/6 ARMs in IL, MA, MD (Purchase only), NM and PA require qualifying rate at the greater of the note rate or the fully indexed rate (index rate + margin). The Qualifying rate in LPA may need to be adjusted to comply with this requirement.
	
	   **An "Accept recommendation by LPA may differ from the eligibility for the purpose of meeting QM requirements. As a result, all loans must also meet QM requirements regardless of the AUS eligible determination.
	
	*Definition of Fully Indexed Rate: The fully indexed rate is defined as the **sum of the Margin plus the Index rounded** to the nearest one-eighth of 1% (0.125%). Unless specific product terms provide otherwise, if the index plus gross margin equals a number that is equidistant between the higher and lower one-eighth percent, Freddie Mac rounds down to the nearest one-eighth percent.*

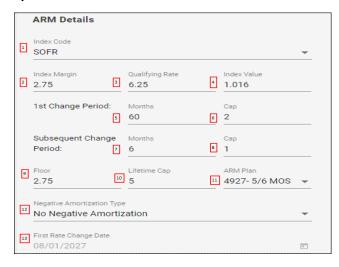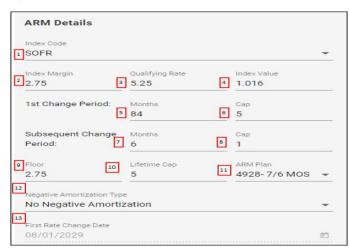|		

		ARM Qualifying Interest Rate Payments: (Gold Jumbo product – manual underwriting)
		    o **5/6 ARM:** The Borrower is qualified at the greater of the Fully Indexed Rate or the Note Rate plus 2%.
		    o **7/6 ARM:** The Borrower is qualified on the Note Rate.
		
		Definition of Fully Indexed Rate: The fully indexed rate is defined as the index plus the margin rounded to the nearest one-eighth (0.125%) percent. Unless specific product terms are provided otherwise, if the index plus gross margin equals a number that is equidistant between the higher and lower one-eighth percent, Fannie Mae rounds down to the nearest one-eighth percent.
		
		The applicable index value that determines the fully indexed rate is any index value in effect during the 90 days preceding the note date.

4.	Index Value:	Varies with SOFR index per day/week – *field will populate once registered / locked*
5.	1st Change Period Months:	• **5/6 ARM -** 60 Months • **7/6 ARM -** 84 Months • **10/6 ARM –** 120 Months **- not applicable for Gold Jumbo product**
6.	1st Change Period Cap:	• **5/6 ARM –** 2% • **7/6 ARM –** 5% • **10/6 ARM –** 5% **- not applicable for Gold Jumbo product**
7.	Subsequent Change Period Months:	**6 Months** – *All products*
8.	Subsequent Change Period Cap	**1%** - *All products*
9.	Floor:	**2.75%** - *All products*
10.	Lifetime Cap:	**5%** - *All products*
11.	ARM Plan	• **5/6 ARM –** 4927- 5/6 MOS • **7/6 ARM –** 4928- 7/6 MOS • **10/6 ARM –** 4929- 10/6 MOS **- not applicable for Gold Jumbo product**
12.	Negative Amortization Type:	**No** – *All products*
13.	First Rate Change Date:	*N/A – this field is system calculated from the first payment due date*

ARM Details Examples for 2.75% Margin/Floor:

The numbers on each field below corresponds to the number of the field on the instructions above.

5/6 ARM

ARM Details

[1] Index Code: SOFR ▼		
[2] Index Margin: 2.75	[3] Qualifying Rate: 6.25	[4] Index Value: 1.016
1st Change Period:	[5] Months: 60	[6] Cap: 2
Subsequent Change Period:	[7] Months: 6	[8] Cap: 1
[9] Floor: 2.75	[10] Lifetime Cap: 5	[11] ARM Plan: 4927- 5/6 MOS ▼
[12] Negative Amortization Type: No Negative Amortization ▼		
[13] First Rate Change Date: 08/01/2027 📅		

7/6 ARM

ARM Details

[1] Index Code: SOFR ▼		
[2] Index Margin: 2.75	[3] Qualifying Rate: 5.25	[4] Index Value: 1.016
1st Change Period:	[5] Months: 84	[6] Cap: 5
Subsequent Change Period:	[7] Months: 6	[8] Cap: 1
[9] Floor: 2.75	[10] Lifetime Cap: 5	[11] ARM Plan: 4928- 7/6 MOS ▼
[12] Negative Amortization Type: No Negative Amortization ▼		
[13] First Rate Change Date: 08/01/2029 📅		

10/6 ARM - not applicable for Gold Jumbo product

ARM Details

[1] Index Code: SOFR ▼		
[2] Index Margin: 2.75	[3] Qualifying Rate: 4.625	[4] Index Value: 1.016
1st Change Period:	[5] Months: 120	[6] Cap: 5
Subsequent Change Period:	[7] Months: 6	[8] Cap: 1
[9] Floor: 2.75	[10] Lifetime Cap: 5	[11] ARM Plan: 4929- 10/6 MOS ▼
[12] Negative Amortization Type: No Negative Amortization ▼		
[13] First Rate Change Date: 08/01/2032 📅		