

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 if you have selected an ARM product upon import.
 - 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 - <i>All products</i>
2. Index Margin	2.875% - <i>All products</i>
3. Qualifying Rate:	<ul style="list-style-type: none"> • Qualifying ARM Rate (Conforming and Non-Conforming) <ul style="list-style-type: none"> • 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 Interest-Only ARM Rate (Conforming and Non-Conforming) <ul style="list-style-type: none"> • 5/1 ARM P5IO & N51IO– Interest Only: The qualifying rate is the <u>greater of either</u>: <ul style="list-style-type: none"> ○ The Note Rate +2 % amortized over 300 months, or ○ The Fully Indexed Rate amortized over 300 months * • 7/1 ARM P71IO & N71IO– Interest Only: The qualifying rate is the <u>greater of either</u>: <ul style="list-style-type: none"> ○ The Note Rate amortized over 276 months, or ○ The Fully Indexed Rate amortized over 276 months * • 10/1 ARM P10IO & N10IO – Interest Only: The qualifying rate is the <u>greater of either</u>: <ul style="list-style-type: none"> ○ The Note Rate amortized over 240 months, or ○ The Fully Indexed Rate amortized over 240 months * <p><i>*Fully Indexed Rate is defined here as the index plus the margin which is rounded to the nearest one-eighth percent</i></p>

ARM Details Fields: Lending Portal - URLA Loan Details Screen	Preferred ARM Products
4. Index Value:	Varies with CMT index per day/week – <i>field will populate once registered / locked</i>
5. 1 st Change Period Months:	❖ 1 st Change Period “Months” ARMS: (Conforming and Non-Conforming) by Product Codes: <ul style="list-style-type: none"> 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. 1 st Change Period Cap:	<ul style="list-style-type: none"> 2% - <u>All</u> Preferred ARM products <u>except the following product</u> 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

1. Index Code
1-Year Treasury

2. Index Margin
2.875

3. Qualifying Rate
4.625

4. Index Value
0.08

5. 1st Change Period: Months
60

6. Cap
2

7. Subsequent Change Period: Months
12

8. Cap
2

9. Floor
2.875

10. Lifetime Cap
5

11. ARM Plan
FM Generic,...

12. Negative Amortization Type
No Negative Amortization

13. First Rate Change Date

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:	<p>Qualifying ARM Rate (Fannie Mae AUS)</p> <ul style="list-style-type: none"> ○ 5/6 ARM – The Borrower is qualified at the greater of the Fully Indexed Rate or the Note Rate plus 2% ○ 7/6 and 10/6 ARM – The Borrower is qualified on: <ul style="list-style-type: none"> ○ No less than the Note Rate <p>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).</p> <p>Note: Loans where the fully-indexed rate must be used for qualification purposes require a manual underwrite and are ineligible for financing at FLCBank.</p> <p>Qualifying ARM Rate (Freddie Mac AUS)</p> <ul style="list-style-type: none"> ○ 5/6 ARM - The Borrower is qualified at the greater of the Fully Indexed Rate or the Note Rate plus 2% ○ 7/6 and 10/6 ARM** – The Borrower is qualified on: <ul style="list-style-type: none"> ○ The Note Rate for Mortgages that are not Higher-Priced Covered Transactions (HPCTs) or Higher-Priced Mortgage Loans (HPMLs). ○ The greater of the Note Rate or the Fully Indexed rate for Mortgages that are HPCTs or HPMLs. <p>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.</p> <p>**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.</p> <p>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.</p>

	<p>ARM Qualifying Interest Rate Payments: (Gold Jumbo product – manual underwriting)</p> <ul style="list-style-type: none"> ○ 5/6 ARM: The Borrower is qualified at the greater of the Fully Indexed Rate or the Note Rate plus 2%. ○ 7/6 ARM and 10/6 ARM: The Borrower is qualified with the greater of the Fully Indexed Rate or the Note Rate. <p>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.</p> <p>The applicable index value that determines the fully indexed rate is any index value in effect during the 90 days preceding the note date.</p>
4. Index Value:	Varies with SOFR index per day/week – <i>field will populate once registered / locked</i>
5. 1st Change Period Months:	<ul style="list-style-type: none"> • 5/6 ARM - 60 Months • 7/6 ARM - 84 Months • 10/6 ARM – 120 Months
6. 1st Change Period Cap:	<ul style="list-style-type: none"> • 5/6 ARM – 2% • 7/6 ARM – 5% • 10/6 ARM – 5%
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	<ul style="list-style-type: none"> • 5/6 ARM – 4927- 5/6 MOS • 7/6 ARM – 4928- 7/6 MOS • 10/6 ARM – 4929- 10/6 MOS
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			
Index Code 1 SOFR			
Index Margin 2 2.75	Qualifying Rate 3 6.25	Index Value 4 1.016	
1st Change Period: 5 60 Months		Cap 6 2	
Subsequent Change Period: 7 6 Months		Cap 8 1	
Floor 9 2.75	Lifetime Cap 10 5	ARM Plan 11 4927- 5/6 MOS	
Negative Amortization Type 12 No Negative Amortization			
First Rate Change Date 13 08/01/2027			

7/6 ARM

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

10/6 ARM

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