

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	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>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, Fannie Mae rounds down to the nearest one-eighth percent.</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% <p>Note: 5/6 ARMs cannot be HPML/HPCT</p>

	<ul style="list-style-type: none"> ○ 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: <i>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.</i></p> <p>Qualifying ARM Rate: (Preferred & Gold Jumbo products – 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: <i>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, Fannie Mae rounds down to the nearest one-eighth percent.</i></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 – FM Generic, 5 YR • 7/6 ARM – FM Generic, 7 YR • 10/6 ARM – FM Generic, 1-YR
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 7.875 Index Value 4 3.6966

1st Change Period:
5 60 Months 6 2 Cap

Subsequent Change Period:
7 6 Months 8 1 Cap

Floor 9 2.75 Lifetime Cap 10 5 ARM Plan 11 FM Generic, 5 YR

Negative Amortization Type
12 No Negative Amortization

First Rate Change Date
13 02/01/2031

7/6 ARM

ARM Details

Index Code
1 SOFR

Index Margin 2 2.75 Qualifying Rate 3 6.625 Index Value 4 3.6966

1st Change Period:
5 84 Months 6 5 Cap

Subsequent Change Period:
7 6 Months 8 1 Cap

Floor 9 2.75 Lifetime Cap 10 5 ARM Plan 11 FM Generic, 7 YR

Negative Amortization Type
12 No Negative Amortization

First Rate Change Date
13 02/01/2033

10/6 ARM

ARM Details

Index Code
1 SOFR

Index Margin 2 2.75 Qualifying Rate 3 6.5 Index Value 4 3.6966

1st Change Period:
5 120 Months 6 5 Cap

Subsequent Change Period:
7 6 Months 8 1 Cap

Floor 9 2.75 Lifetime Cap 10 5 ARM Plan 11 FM Generic, 10 ...

Negative Amortization Type
12 No Negative Amortization

First Rate Change Date
13 02/01/2036