



Adjustable-Rate Mortgages

Adjustable-Rate Mortgages

Standard & High Balance ARM
7/6 SOFR ARM (5/1/5)
5/6 SOFR ARM (2/1/5)

	7/6 SOFR ARM (5/1/5)	5/6 SOFR ARM (2/1/5)
Time Initial Rate and Payment is in effect	7 years	5 years
First Adjusted Interest Rate Cap Over/Under Original Rate	5%	2%
Interval Adjusted Interest Rate Cap (every 6 months after first adjustment)	1%	1%
Maximum Lifetime Cap Over/Under Original Rate	5%	5%

- ARM Index- SOFR (Secured Overnight Financing Rate)
- ARM amortization (term) is 30 years
- Investment property: 5/6 SOFR ARM not eligible for multiple financed investment properties.
- Margin 2.75% – The fixed amount added to the underlying index to establish the fully indexed rate for an ARM.

To limit the impact of any potential payment shock on an ARM loan, the monthly qualifying rate is calculated as follows:

- For short introductory rate ARMs with five (5) years or less, the qualifying rate is the greater of the fully indexed rate (the index plus the margin) or the note rate plus 2 percent
- For ARMs with an introductory rate greater than 5 years, the qualifying rate is the greater of the fully indexed rate or the note rate
 - LPA Only loans may qualify at the note rate for 7 year/6 month ARMs, unless the loan falls within HPML or HPCT parameters.