

# 6154 DU ARM

**General Guidelines:**

Conventional Conforming adjustable rate mortgage program:

- 3/1 Libor fixed for the first three years, then rolls to a one year ARM for the remainder of the term;
- 5/1 Libor – fixed for the first five years, then rolls to a one year ARM for the remainder of the term;
- 7/1 Libor – fixed for the first seven years, then rolls to a one year ARM for the remainder of the term;
- 10/1 Libor – fixed for the first ten years, then rolls into a one year ARM for the remainder of the term.

PURCHASE AND RATE TERM REFINANCE			
Property Type	Units	Credit Score <sup>3,4</sup>	DU LTV/CLTV/HCLTV <sup>1,2,3</sup>
Primary Residence	1	N/A	90/90/90
	2	N/A	75/75/75
	3	N/A	65/65/65
	4	N/A	65/65/65
Second Home	1	N/A	80/80/80
Investment Property (Purchase)	1	N/A	75/75/75
Investment Property (Purchase)	2-4	N/A	65/65/65
Investment Property (Rate/Term)	1-4	N/A	65/65/65
CASH OUT REFINANCE			
Property Type	Units	Credit Score <sup>3,4</sup>	DU LTV/CLTV/HCLTV <sup>1,2</sup>
Primary Residence	1	N/A	80/80/80
	2	N/A	80/80/80
	3	N/A	75/75/75
	4	N/A	75/75/75
Second Home	1	N/A	65/65/65
Investment Property	1	N/A	65/65/65
Investment Property	2-4	N/A	60/60/60

**Footnotes:**

1. CLTV represents the loan amount of a closed-end second or the disbursed amount of the HELOC plus the first mortgage amount, divided by the sales price/appraised value of the subject property.
2. HCLTV represents the HELOC credit line limit plus the first mortgage amount, divided by the value of the subject property. If the secondary financing is a HELOC, the loan amount plus the draw amount cannot exceed the CLTV and the loan amount plus the total line amount cannot exceed the HCLTV.
3. If LTV's > 80% check with MI companies for product eligibility. Minimum credit score is 620.
4. Underwritten to DU/LP Findings (no minimum FICO score requirement).

<b>Appraisal</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>ARM Information</b>	<table border="1"> <thead> <tr> <th rowspan="2">ARM Product</th> <th rowspan="2">Index</th> <th rowspan="2">Margin</th> <th colspan="3">Caps</th> <th rowspan="2">Conversion Option</th> </tr> <tr> <th>First Adj</th> <th>Annual Adj</th> <th>Life Cap</th> </tr> </thead> <tbody> <tr> <td>3/1</td> <td>LIBOR</td> <td>2.25%</td> <td>2%</td> <td>2%</td> <td>6%</td> <td>None</td> </tr> <tr> <td>5/1</td> <td>LIBOR</td> <td>2.25%</td> <td>2%</td> <td>2%</td> <td>5%</td> <td>None</td> </tr> <tr> <td>7/1</td> <td>LIBOR</td> <td>2.25%</td> <td>5%</td> <td>2%</td> <td>5%</td> <td>None</td> </tr> <tr> <td>10/1</td> <td>LIBOR</td> <td>2.25%</td> <td>5%</td> <td>2%</td> <td>5%</td> <td>None</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Minimum rate may never be lower than the margin. <ul style="list-style-type: none"> <li>Calculation based on the index rate available 45 days before the adjustment date.</li> <li>Adjustment is equal to the relevant index plus the margin rounded to the nearest one-eighth of one percentage point (.125%).</li> </ul> </li> <li><b>3/1 ARM:</b> Assumable at any time, subject to credit approval.</li> <li><b>5/1, 7/1 and 10/1 ARMs:</b> Assumable during the ARM period only and subject to new borrower qualification.</li> </ul>	ARM Product	Index	Margin	Caps			Conversion Option	First Adj	Annual Adj	Life Cap	3/1	LIBOR	2.25%	2%	2%	6%	None	5/1	LIBOR	2.25%	2%	2%	5%	None	7/1	LIBOR	2.25%	5%	2%	5%	None	10/1	LIBOR	2.25%	5%	2%	5%	None
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<b>Borrowers (Eligible/Ineligible)</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Cash Reserves</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Closing Requirements</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Condos/PUDs</b>	<ul style="list-style-type: none"> <li>Condos must be Fannie Mae approved.</li> <li>Limited Review is available with the following guidelines. <ul style="list-style-type: none"> <li>DU Findings must state a limited review can be performed</li> <li>Established projects only</li> <li>No more than 15% of the units can be delinquent on HOA dues</li> <li>No more than 20% commercial use</li> <li>70% Occupancy Ratio</li> <li>Borrower may not own more than 1 unit in project</li> <li>A maximum of 10% of the units may be sold to one party</li> <li>Project may not be in litigation</li> <li>May not have multiple units with less than 600 sq ft</li> <li>LTV 80% for primary residence; 75% for second home <ul style="list-style-type: none"> <li>Florida: 10% LTV reduction</li> </ul> </li> <li>Investment properties not allowed</li> </ul> </li> <li>Effective February 1, 2010, Fannie Mae and Freddie Mac will no longer accept FHA condominium approvals for conventional mortgage loans</li> <li>Florida: Condos/PUDs in Miami-Dade, Lee, and Broward counties are not allowed</li> <li>We now require a condominium borrower to obtain a "Walls In" coverage policy (commonly known as an HO-6 policy). Coverage is to include interior walls, floor coverings, fixtures, cabinetry, appliances, and improvements and betterments made to the unit's interior. The HO-6 policy must provide coverage is an amount that is no less than 20% of the condominium unit's appraised value</li> <li>DMC will require an existing, unexpired FNMA Form 1028 or approval from Fannie Mae's Project</li> </ul>																																						
<b>Construction to Permanent</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Credit History</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Credit Scores</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Documentation</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Down payment</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Escrows</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Escrow Holdbacks</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						
<b>Gifts</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>																																						

<b>Investment Properties</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Leasehold</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Loan Term</b>	<ul style="list-style-type: none"> <li>30 year amortization / term only.</li> </ul>										
<b>Maximum / Minimum Loan Amount</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>ARM coverage required for all loans</li> <li>Financed single premium, LPMI, Lower Cost and Reduced mortgage insurance are <b>not</b> allowed.</li> <li>Properties located in adverse markets are further restricted by transaction type, LTV limitations higher</li> <li>Fico requirements etc. and are subject to current MI availability.</li> </ul> <table border="1" data-bbox="391 430 954 575"> <thead> <tr> <th colspan="2">Standard MI Coverage</th> </tr> <tr> <th>LTV Ranges</th> <th>30 Yr. Term</th> </tr> </thead> <tbody> <tr> <td>90.01 – 95%</td> <td>30%</td> </tr> <tr> <td>85.01 – 90%</td> <td>25%</td> </tr> <tr> <td>80.01 – 85%</td> <td>12%</td> </tr> </tbody> </table>	Standard MI Coverage		LTV Ranges	30 Yr. Term	90.01 – 95%	30%	85.01 – 90%	25%	80.01 – 85%	12%
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<b>Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Number of Loans/ Properties</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Owner occupied primary residence, second home and investment properties.</li> <li>On a primary residence, at least one borrower obligated on the note must occupy the subject property.</li> </ul>										
<b>Properties (Eligible/Ineligible)</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Qualifying Interest Rate</b>	<ul style="list-style-type: none"> <li>6 month to 5 year ARMs <ul style="list-style-type: none"> <li>Greater of the fully indexed rate or the note rate + 2.0%</li> </ul> </li> <li>7 to 10 Year ARMs <ul style="list-style-type: none"> <li>Note Rate</li> </ul> </li> </ul>										
<b>Ratios</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul> <p><b><u>Qualifying Rate:</u></b></p> <ul style="list-style-type: none"> <li>3/1 ARM – Greater of fully indexed rate or note rate.</li> <li>5/1, 7/1 &amp; 10/1 – Note rate.</li> </ul>										
<b>Refinances</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Seller Contribution</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>See Conforming Fixed Rate Product description.</li> </ul>										
<b>Underwriting</b>	<p><b><u>Automated Underwriting Systems (AUS):</u></b></p> <ul style="list-style-type: none"> <li>All loans must be underwritten through DU/LP and receive an Approve/Accept.</li> </ul> <p><b><u>Manual Underwriting:</u></b></p> <ul style="list-style-type: none"> <li>Not allowed.</li> </ul> <p><b><u>General Guidelines:</u></b> See Conforming Fixed Rate Product description.</p>										