



# Conforming ARM Program Guidelines

## Correspondent

Revised 12/19/2024 rev. 118

<b>Summary</b>	Freddie Mac eligible standard balance conforming ARM program. All loans must meet Freddie Mac requirements.																																																																																																																																										
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<b>4506-C / Tax Transcripts</b>	<ul style="list-style-type: none"> <li>A signed 4506-C for all years in which income was used in the underwriting decision are required</li> <li>Refer to Plaza's <b>Delegated Correspondent Credit Overlay Matrix</b> for tax transcript requirements.</li> </ul>																																																																		
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>Appraisal requirements per the final LPA Feedback Certificate and Freddie Mac Seller Guide. <ul style="list-style-type: none"> <li>Texas Section 50(a)(6) and Section 50(f)(2) transactions are not eligible with ACE or ACE+PDR.</li> </ul> </li> <li>Transferred appraisals are allowed.</li> </ul>																																																																		
<b>ARM Adjustments</b>	<table border="1"> <thead> <tr> <th data-bbox="440 285 678 323"><b>Characteristic</b></th> <th colspan="4" data-bbox="678 285 1534 323"><b>SOFR ARM</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="440 323 678 380"><b>Index</b></td> <td colspan="4" data-bbox="678 323 1534 380">SOFR – The 30-Day Average of the <b>SOFR index</b> as published by the Federal Reserve Bank of New York.</td> </tr> <tr> <td data-bbox="440 380 678 411"><b>Margin</b></td> <td colspan="4" data-bbox="678 380 1534 411">2.75%</td> </tr> <tr> <td data-bbox="440 411 678 443"><b>Life Floor</b></td> <td colspan="4" data-bbox="678 411 1534 443">The floor is the margin.</td> </tr> <tr> <td data-bbox="440 443 678 558" rowspan="3"><b>Interest Rate Caps</b></td> <td data-bbox="678 443 818 474"><b>Product</b></td> <td data-bbox="818 443 1040 474"><b>First Adjustment</b></td> <td data-bbox="1040 443 1365 474"><b>Subsequent Adjustments</b></td> <td data-bbox="1365 443 1534 474"><b>Lifetime</b></td> </tr> <tr> <td data-bbox="678 474 818 506">5/6</td> <td data-bbox="818 474 1040 506">2%</td> <td data-bbox="1040 474 1365 506">1%</td> <td data-bbox="1365 474 1534 506">5%</td> </tr> <tr> <td data-bbox="678 506 818 537">7/6</td> <td data-bbox="818 506 1040 537">5%</td> <td data-bbox="1040 506 1365 537">1%</td> <td data-bbox="1365 506 1534 537">5%</td> </tr> <tr> <td data-bbox="440 558 678 590">10/6</td> <td data-bbox="678 558 818 590">5%</td> <td data-bbox="818 558 1040 590">1%</td> <td data-bbox="1040 558 1365 590">1%</td> <td data-bbox="1365 558 1534 590">5%</td> </tr> <tr> <td data-bbox="440 590 678 968" rowspan="3"><b>Interest Rate Adjustment Date</b></td> <td data-bbox="678 590 818 695">5/6</td> <td colspan="3" data-bbox="818 590 1534 695">The interest rate is fixed for the first 60 months. 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<b>Borrower Eligibility</b>	<p><b>Ineligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>Partnerships</li> <li>Corporations</li> <li>Guardianships</li> <li>Life Estates</li> <li>LLCs</li> <li>Non-Revocable Inter Vivos Trusts</li> <li>Foreign nationals</li> <li>Borrowers with diplomatic immunity</li> </ul> <p><b>Social Security Number:</b></p> <ul style="list-style-type: none"> <li>Each borrower on the loan transaction must have a valid Social Security number.</li> <li>ITIN (IRS Tax Identification Numbers) are not allowed.</li> </ul>																																																																		

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<b>Co-Ops</b>	<ul style="list-style-type: none"> <li>The co-op project must be reviewed and approved by Plaza.</li> <li>Located in the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York or Washington D.C.</li> <li>Subordinate financing may be allowed by exception. Contact your Account Executive prior to loan delivery.</li> <li>Refer to Plaza's <b>Project Standards</b> for Plaza's complete co-op requirements.</li> </ul>
<b>Credit</b>	<p><b>Qualifying Credit Score:</b></p> <ul style="list-style-type: none"> <li>A tri-merge credit report is required.</li> <li>The qualifying score is the lower of two or the middle of three scores.</li> <li>The lowest qualifying score of all applicants is used to qualify.</li> <li>At least one borrower must have a valid credit score.</li> </ul>
<b>Employment Contracts</b>	Plaza only allows income per Freddie Mac's Additional Requirements Option 1. Refer to Freddie Mac Seller Guide Section 5303.2(e) and the <b>Loan Product Advisor Documentation Matrix</b> for complete details on income.
<b>Escrow Accounts</b>	<ul style="list-style-type: none"> <li>Escrow waivers are not permitted for LTV &gt; 90%</li> <li>Impounds should not be waived for borrowers with blemished credit histories or first-time homeowners</li> <li>Escrow deposits for the payment of premiums for mortgage insurance may not be waived</li> </ul>
<b>Flood Insurance</b>	When flood insurance is required, an escrow account must be established for flood insurance premiums.
<b>Geographic Restrictions</b>	<p><b>Hawaii:</b></p> <ul style="list-style-type: none"> <li>Properties in Lava Zone 1 are ineligible.</li> <li>Properties in Lava Zone 2 are eligible with additional requirements.</li> <li>Manufactured housing not eligible.</li> </ul> <p><b>Rhode Island:</b> Manufactured housing not eligible.</p> <p><b>West Virginia:</b> Delegated deliveries only.</p>
<b>Ineligible</b>	<ul style="list-style-type: none"> <li>Temporary Buydowns</li> <li>One-time close construction</li> <li>Borrower may not act as an interested party to a sales transaction for the subject if the builder and/or property seller is a company owned by the borrower or where the borrower is a principal agent, sales agent, loan originator, mortgage broker or partner for the builder or property seller.</li> <li>Realtor/loan broker acting as the listing agent as well as the mortgage originator/broker.</li> <li>Borrower is a principal of the title company and/or settlement agent for the subject transaction.</li> </ul>
<b>Loan Limits</b>	<p>Standard conforming loan limits. Max loan amount up to \$806,500 (\$1,209,750 for HI/AK) allowed for baseline conforming loan limit</p> <p>For Super Conforming loans refer to the respective guidelines.</p>
<b>Manufactured Housing</b>	<ul style="list-style-type: none"> <li>5/6 ARMs are not eligible – must be 7/6 or 10/6 ARM</li> <li>Must be classified as Real Property</li> <li>Single-wide and multi-wide allowed</li> <li>Single-wide Manufactured Homes: <ul style="list-style-type: none"> <li>Loans are limited to primary residence only</li> <li>Manufactured homes must be at least 12 feet wide and have a minimum 400 square feet of gross living area</li> <li>Single-wide manufactured homes in PUD projects require PERS approval (regardless of AUS)</li> </ul> </li> <li>Manufactured homes must have been built on or after June 15, 1976</li> <li>Condos: Manufactured homes in condo projects require PERS approval (regardless of AUS)</li> <li>Co-op projects comprised of manufactured homes are ineligible</li> <li>The manufactured home may not have been previously installed or occupied at another location</li> <li>All manufactured homes must meet applicable Freddie Mac (LPA) guidelines, restrictions in these Program Guidelines, and Plaza's <b>Manufactured Housing Guidelines</b></li> <li>Leasehold properties are ineligible</li> <li>Manufactured housing not eligible in states of Hawaii and Rhode Island</li> </ul>
<b>Maximum Loans</b>	A maximum of four Plaza loans is permitted to one borrower.

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<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>Standard MI coverage is required regardless of LPA findings; custom or reduced MI is not eligible.</li> <li>Lender Paid Monthly, Borrower Paid Annual and Lender Paid Annual premium mortgage insurance is not eligible.</li> </ul>
<b>Property Eligibility</b>	<p><b>Ineligible Properties:</b></p> <ul style="list-style-type: none"> <li>Commercial properties</li> <li>Condotels</li> <li>Co-ops located outside the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York and Washington D.C.</li> <li>Geothermal homes</li> <li>Mobile homes</li> <li>Non-warrantable condos</li> <li>Timeshares</li> <li>Working farms, ranches, orchards</li> <li>Properties with C6 quality rating</li> <li>Properties with C5 or C6 condition rating</li> <li>Properties secured with PACE obligations or PACE like assessments</li> </ul>
<b>Repair Escrows</b>	Allowed for non-structural items. Loans must be eligible for immediate delivery to Fannie Mae at time of Plaza purchase.
<b>Texas Home Equity</b>	Texas Section 50(a)(6) loans are eligible.
<b>Transactions</b>	<ul style="list-style-type: none"> <li>Purchase</li> <li>Rate/Term Refinance</li> <li>Cash-out Refinance</li> </ul> <p><b>Cash-Out:</b></p> <ul style="list-style-type: none"> <li>When proceeds of a cash-out refinance are used to pay off a first lien mortgage, the mortgage being refinanced must be seasoned at least 12 months (the Note date of the mortgage being refinanced and the Note date of the cash-out refinance), as documented in the loan file (e.g., on the credit report or title commitment). The seasoning requirement does not apply when: <ul style="list-style-type: none"> <li>The cash-out refinance is a special purpose cash-out refinance (see below), or</li> <li>The first lien being refinanced is a Home Equity Line of Credit (HELOC), or</li> <li>Delayed financing is utilized (because there is no lien being paid off)</li> </ul> </li> <li>At least one Borrower must have been on the title to the subject property for at least six months prior to the Note Date. For borrowers who purchased within the last 6 months with no mortgage financing refer to the Delayed Financing section in Freddie Mac's Selling Guide. The 6-month time period for Delayed Financing is measured from the date on which the property was purchased (documented by a HUD-1 Settlement Statement or, if there was no HUD-1, a recorded deed confirming the amount paid by the borrower) and the note date of the new mortgage loan.</li> </ul> <p><b>Special Purpose Cash-out Refinance:</b> The loan-level price adjustment that applies to cash-out refinance transactions will be waived, and the rate/term refinance price adjustment will be applied, when all requirements of Freddie Mac's special purpose refinance guidelines, where the owner uses proceeds to buy out the equity of the co-owner, are met. The loan must be delivered with Investor Feature Identifier code (IFI) 203.</p>
<b>Underwriting Method</b>	<ul style="list-style-type: none"> <li>Loans must be processed through Loan Product Advisor (LPA) and receive a Risk Classification of Accept/Eligible. <ul style="list-style-type: none"> <li>LPA Index Source Type = Other</li> <li>LPA Index Source Type Other Description = 30 Day Average SOFR</li> </ul> </li> <li>Manual Underwriting is only permitted when: <ul style="list-style-type: none"> <li>Credit score is 620 or above</li> <li>The subject property is a primary residence, and</li> <li>where there is documented erroneous credit reported on the credit report and the LPA Findings.</li> </ul> </li> <li>Manual underwriting is not permitted for the following: <ul style="list-style-type: none"> <li>Credit score is below 620</li> <li>Second home and investment properties</li> <li>Manufactured Housing</li> <li>Loans where not all borrowers have a valid credit score</li> </ul> </li> </ul>

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