



Conforming ARM Program Guidelines

Correspondent

Revised 12/4/2023 rev. 112

Summary	Freddie Mac eligible standard balance conforming ARM program. All loans must meet Freddie Mac requirements.				
Products	Product Name		Product Code	Available Term in Months	
	Conforming 5/6 SOFR ARM		CA56S	360	
	Conforming 7/6 SOFR ARM		CA76S	360	
	Conforming 10/6 SOFR ARM		CA106S	360	
Eligibility Matrix	Primary Residence				
	Purchase and Rate & Term Refinance				
	Property Type	LTV	CLTV	Min Credit Score	Max DTI
	1-Unit	95%	95%	Per LPA & MI	Per LPA & MI
	Manufactured Housing ¹	95%	95%	Per LPA & MI	Per LPA & MI
	Co-op	95%	N/A ⁴	Per LPA & MI	Per LPA & MI
	2-Units	85%	85%	Per LPA & MI	Per LPA & MI
	3-4 Units	80%	80%	Per LPA	Per LPA
	Primary Residence				
	Cash-Out Refinance²				
	1-Unit	80%	80%	Per LPA	Per LPA
	Co-op	80%	N/A ⁴	Per LPA	Per LPA
	2-4 Units	75%	75%	Per LPA	Per LPA
	Second Home				
	Purchase and Rate/Term Refinance				
	1-Unit	90%	90%	Per LPA & MI	Per LPA & MI
	Manufactured Housing ¹ (Multi-wide only)	90%	90%	Per LPA & MI	Per LPA & MI
	Co-op	85%	N/A ⁴	Per LPA & MI	Per LPA & MI
	Second Home				
	Cash-Out Refinance^{2,3}				
	1-Unit	75%	75%	Per LPA	Per LPA
	Investment Property				
	Purchase^{2,3}				
1-Unit	85%	85%	Per LPA & MI	Per LPA & MI	
2-4 Units	75%	75%	Per LPA	Per LPA	
Investment Property					
Rate/Term Refinance^{2,3}					
1-Unit	85%	85%	Per LPA & MI	Per LPA & MI	
	75%	75%	Per LPA	Per LPA	
2-4 Units	75%	75%	Per LPA	Per LPA	
Investment Property					
Cash-Out Refinance^{2,3}					
1-Unit	75%	75%	Per LPA	Per LPA	
2-4 Units	70%	70%	Per LPA	Per LPA	
<ol style="list-style-type: none"> 1. Manufactured Housing is eligible only on 7/6 & 10/6 products. 2. Manufactured housing is not eligible. 3. Co-ops are not eligible. 4. Co-op subordinate financing may be allowed by exception. Contact your Account Executive prior to loan delivery. 					

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4506-C / Tax Transcripts	<ul style="list-style-type: none"> • A signed 4506-C for all years in which income was used in the underwriting decision are required • Refer to Plaza's Delegated Correspondent Credit Overlay Matrix for tax transcript requirements. 																																																																		
Appraisal	<ul style="list-style-type: none"> • Freddie Mac's ACE are allowed. <ul style="list-style-type: none"> ◦ Texas Section 50(a)(6) and Section 50(f)(2) transactions are eligible. • Transferred appraisals are allowed. 																																																																		
ARM Adjustments	<table border="1"> <thead> <tr> <th data-bbox="435 287 662 317">Characteristic</th> <th colspan="4" data-bbox="667 287 1508 317">SOFR ARM</th> </tr> </thead> <tbody> <tr> <td data-bbox="435 323 662 373">Index</td> <td colspan="4" data-bbox="667 323 1508 373">SOFR – The 30-Day Average of the SOFR index as published by the Federal Reserve Bank of New York.</td> </tr> <tr> <td data-bbox="435 380 662 409">Margin</td> <td colspan="4" data-bbox="667 380 1508 409">2.75%</td> </tr> <tr> <td data-bbox="435 415 662 445">Life Floor</td> <td colspan="4" data-bbox="667 415 1508 445">The floor is the margin.</td> </tr> <tr> <td data-bbox="435 451 662 548" rowspan="3">Interest Rate Caps</td> <td data-bbox="667 451 808 480">Product</td> <td data-bbox="813 451 1029 480">First Adjustment</td> <td data-bbox="1034 451 1354 480">Subsequent Adjustments</td> <td data-bbox="1359 451 1508 480">Lifetime</td> </tr> <tr> <td data-bbox="667 487 808 516">5/6</td> <td data-bbox="813 487 1029 516">2%</td> <td data-bbox="1034 487 1354 516">1%</td> <td data-bbox="1359 487 1508 516">5%</td> </tr> <tr> <td data-bbox="667 522 808 552">7/6</td> <td data-bbox="813 522 1029 552">5%</td> <td data-bbox="1034 522 1354 552">1%</td> <td data-bbox="1359 522 1508 552">5%</td> </tr> <tr> <td data-bbox="667 558 808 588">10/6</td> <td data-bbox="813 558 1029 588">5%</td> <td data-bbox="1034 558 1354 588">1%</td> <td data-bbox="1359 558 1508 588">5%</td> <td></td> </tr> <tr> <td data-bbox="435 554 662 961" rowspan="3">Interest Rate Adjustment Date</td> <td data-bbox="667 554 808 684">5/6</td> <td colspan="3" data-bbox="813 554 1508 684">The interest rate is fixed for the first 60 months. The maximum interest rate adjustment at the first adjustment date is 2%. Thereafter, the interest rate adjusts every six months with a maximum interest rate change at any single adjustment date of 1%. The lifetime cap is 5%.</td> </tr> <tr> <td data-bbox="667 690 808 821">7/6</td> <td colspan="3" data-bbox="813 690 1508 821">The interest rate is fixed for the first 84 months. The maximum interest rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts every six months with a maximum interest rate change at any single adjustment date of 1%. The lifetime cap is 5%.</td> </tr> <tr> <td data-bbox="667 827 808 961">10/6</td> <td colspan="3" data-bbox="813 827 1508 961">The interest rate is fixed for the first 120 months. The maximum interest rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts every six months with a maximum interest rate change at any single adjustment date of 1%. The lifetime cap is 5%.</td> </tr> <tr> <td data-bbox="435 968 662 1018">Payment Change Date</td> <td colspan="4" data-bbox="667 968 1508 1018">The payment change date will be the first of the month following the interest rate adjustment, and every six months thereafter.</td> </tr> <tr> <td data-bbox="435 1024 662 1102">Assumability</td> <td colspan="4" data-bbox="667 1024 1508 1102">Not assumable during the fixed-rate period. At the end of the fixed-rate period, assumable subject to credit approval. Texas Section 50(a)(6) loans are not assumable.</td> </tr> <tr> <td data-bbox="435 1108 662 1157">Conversion Option</td> <td colspan="4" data-bbox="667 1108 1508 1157">Not Allowed.</td> </tr> </tbody> </table>	Characteristic	SOFR ARM				Index	SOFR – The 30-Day Average of the SOFR index as published by the Federal Reserve Bank of New York.				Margin	2.75%				Life Floor	The floor is the margin.				Interest Rate Caps	Product	First Adjustment	Subsequent Adjustments	Lifetime	5/6	2%	1%	5%	7/6	5%	1%	5%	10/6	5%	1%	5%		Interest Rate Adjustment Date	5/6	The interest rate is fixed for the first 60 months. The maximum interest rate adjustment at the first adjustment date is 2%. Thereafter, the interest rate adjusts every six months with a maximum interest rate change at any single adjustment date of 1%. The lifetime cap is 5%.			7/6	The interest rate is fixed for the first 84 months. The maximum interest rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts every six months with a maximum interest rate change at any single adjustment date of 1%. The lifetime cap is 5%.			10/6	The interest rate is fixed for the first 120 months. The maximum interest rate adjustment at the first adjustment date is 5%. Thereafter, the interest rate adjusts every six months with a maximum interest rate change at any single adjustment date of 1%. The lifetime cap is 5%.			Payment Change Date	The payment change date will be the first of the month following the interest rate adjustment, and every six months thereafter.				Assumability	Not assumable during the fixed-rate period. At the end of the fixed-rate period, assumable subject to credit approval. Texas Section 50(a)(6) loans are not assumable.				Conversion Option	Not Allowed.			
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Borrower Eligibility	<p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Partnerships • Corporations • Guardianships • Life Estates • LLCs • Non-Revocable Inter Vivos Trusts • Foreign nationals • Borrowers with diplomatic immunity <p>Social Security Number:</p> <ul style="list-style-type: none"> • Each borrower on the loan transaction must have a valid Social Security number. • ITIN (IRS Tax Identification Numbers) are not allowed. 																																																																		

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Co-Ops	<ul style="list-style-type: none"> The co-op project must be reviewed and approved by Plaza. Located in the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York or Washington D.C. Subordinate financing may be allowed by exception. Contact your Account Executive prior to loan delivery. Refer to Plaza's Project Standards for Plaza's complete co-op requirements.
Credit	Qualifying Credit Score: <ul style="list-style-type: none"> A tri-merge credit report is required. The qualifying score is the lower of two or the middle of three scores. The lowest qualifying score of all applicants is used to qualify. At least one borrower must have a valid credit score.
Disaster Policy	Refer to Plaza's Natural Disaster Policy for requirements.
Employment Contracts	Plaza only allows income per Freddie Mac's Additional Requirements Option 1. Refer to Freddie Mac Seller Guide Section 5303.2(e) and the Loan Product Advisor Documentation Matrix for complete details on income.
Escrow Accounts	<ul style="list-style-type: none"> Escrow waivers are not permitted for LTV > 95% Escrow waivers for LTV > 90% <= 95% require a minimum of 3 months verified reserves and are subject to the limitations below Impounds should not be waived for borrowers with blemished credit histories or first-time homeowners Escrow deposits for the payment of premiums for mortgage insurance may not be waived
Flood Insurance	When flood insurance is required, an escrow account must be established for flood insurance premiums.
Geographic Restrictions	Hawaii: <ul style="list-style-type: none"> Properties in Lava Zone 1 are ineligible. Properties in Lava Zone 2 are eligible with additional requirements. Manufactured housing not eligible. Rhode Island: Manufactured housing not eligible. West Virginia: Delegated deliveries only.
Ineligible	<ul style="list-style-type: none"> Temporary Buydowns One-time close construction 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. Realtor/loan broker acting as the listing agent as well as the mortgage originator/broker. Borrower is a principal of the title company and/or settlement agent for the subject transaction.
Loan Limits	Standard conforming loan limits. Max loan amount up to \$766,550 (\$1,149,825 for HI/AK) allowed for baseline conforming loan limit For Super Conforming loans refer to the respective guidelines.
Manufactured Housing	<ul style="list-style-type: none"> 5/6 ARMs are not eligible – must be 7/6 or 10/6 ARM Must be classified as Real Property Single-wide and multi-wide allowed Single-wide Manufactured Homes: <ul style="list-style-type: none"> Loans are limited to primary residence only Manufactured homes must be at least 12 feet wide and have a minimum 400 square feet of gross living area Single-wide manufactured homes in PUD projects require PERS approval (regardless of AUS) Manufactured homes must have been built on or after June 15, 1976 Condos: Manufactured homes in condo projects require PERS approval (regardless of AUS) Co-op projects comprised of manufactured homes are ineligible The manufactured home may not have been previously installed or occupied at another location All manufactured homes must meet applicable Freddie Mac (LPA) guidelines, restrictions in these Program Guidelines, and Plaza's Manufactured Housing Guidelines Leasehold properties are ineligible

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	<ul style="list-style-type: none"> • Manufactured housing not eligible in states of Hawaii and Rhode Island
Maximum Loans	A maximum of four Plaza loans is permitted to one borrower.
Mortgage Insurance	<ul style="list-style-type: none"> • Standard MI coverage is required regardless of LPA findings; custom or reduced MI is not eligible. • Lender Paid Monthly, Borrower Paid Annual and Lender Paid Annual premium mortgage insurance is not eligible.
Property Eligibility	<p>Ineligible Properties:</p> <ul style="list-style-type: none"> • Commercial properties • Condotels • Co-ops located outside the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York and Washington D.C. • Geothermal homes • Mobile homes • Non-warrantable condos • Timeshares • Working farms, ranches, orchards • Properties with C6 quality rating • Properties with C5 or C6 condition rating • Properties secured with PACE obligations or PACE like assessments
Repair Escrows	Allowed for non-structural items. Loans must be eligible for immediate delivery to Fannie Mae at time of Plaza purchase.
Texas Home Equity Transactions	<p>Texas Section 50(a)(6) loans are eligible.</p> <ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-out Refinance <p>Cash-Out:</p> <ul style="list-style-type: none"> • 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"> ○ The cash-out refinance is a special purpose cash-out refinance (see below), or ○ The first lien being refinanced is a Home Equity Line of Credit (HELOC), or ○ Delayed financing is utilized (because there is no lien being paid off) • 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. <p>Special Purpose Cash-out Refinance: The loan-level price adjustment that applies to cash-out refinance transactions will be waived 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>
Underwriting Method	<ul style="list-style-type: none"> • Loans must be processed through Loan Product Advisor (LPA) and receive a Risk Classification of Accept/Eligible. <ul style="list-style-type: none"> ○ LPA Index Source Type = Other ○ LPA Index Source Type Other Description = 30 Day Average SOFR • Manual Underwriting is only permitted when: <ul style="list-style-type: none"> ○ Credit score is 620 or above ○ The subject property is a primary residence, and ○ where there is documented erroneous credit reported on the credit report and the LPA Findings. • Manual underwriting is not permitted for the following: <ul style="list-style-type: none"> ○ Credit score is below 620

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	<ul style="list-style-type: none">○ Second home and investment properties○ Manufactured Housing○ Loans where not all borrowers have a valid credit score
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