



	<b>FHA 3/1 ARM</b>	<b>FHA 5/1 ARM</b>
1 Product Description	FHA Three Year Adjustable Rate Mortgage  30 Year Term Non-Convertible Fully Amortizing	FHA Five Year Adjustable Rate Mortgage  30 Year Term Non-Convertible Fully Amortizing
2 Annual Cap	1%	1%
3 Lifetime Cap	5%	5%
4 Margin	2%	2%
5 Index	One Year Constant Maturity Treasury (CMT)	One Year Constant Maturity Treasury (CMT)
6 Rate Adjustment	Initial note rate is in effect for 36 to 42 months	Initial note rate is in effect for 60 to 66 months
7 Buy downs	not allowed	not allowed
8 Qualifying Rate LTV =>95% LTV < 95%	Note Rate + 1% Note Rate	Note Rate + 1% Note Rate
9 Credit	Single merge credit report will be pulled prior to closing. Any major discrepancies to initial credit submission will need to be addressed	Single merge credit report will be pulled prior to closing. Any major discrepancies to initial credit submission will need to be addressed
10 AVM	AVM will be run on all FHA ARM loans. Based on info obtained, additional conditions may apply.	AVM will be run on all FHA ARM loans. Based on info obtained, additional conditions may apply.
11 MAX LTV Purchase Rate/Term Refi Cash Out Refi	96.50% 97.75% 85.00%	96.50% 97.75% 85.00%
12 Refinance Transactions  Streamlines	Net Tangible Benefit form required with a LOX as to the reason for the refinance  Streamline Refinance not allowed with FHA ARMs	Net Tangible Benefit form required with a LOX as to the reason for the refinance  Streamline Refinance not allowed with FHA ARMs
13 Units	1-2 Units	1-2 Units
14 Occupancy	Primary	Primary
15 Minimum FICO	640	640
16 Maximum Loan Amt	Up to FHA Statutory Mortgage Limit and no greater then \$417,000	Up to FHA Statutory Mortgage Limit and no greater then \$417,000
17 Assets Purchase  Refinance  Seller Contributions  Gifts	Minimum 3.5% down payment  No minimum borrower investment necessary  Maximum 6% Seller Contributions  FHA allowable gifts acceptable	Minimum 3.5% down payment  No minimum borrower investment necessary  Maximum 6% Seller Contributions  FHA allowable gifts acceptable
18 Reserves 1-2 Units	None	None