



# FREDDIE MAC DIRECT ARM PROGRAM

## **Program Eligibility Guide - ARM**

VERSION 1.0

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**FREDDIE MAC DIRECT ARM - STANDARD CONFORMING MATRIX**  
**ARM Rate Products**  
**Effective 4/10/17**

**PRIMARY RESIDENCE | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV <u>without</u> Subordinate Financing	Maximum LTV/CLTV/HCLTV <u>with</u> Subordinate Financing
Purchase & No Cash-Out Refinance	1	620	95%	95%/95%
	2-4		80%	80%/80%
Cash-Out Refinance	1		80%	80%/80%
	2-4		75%	75%/75%

**SECOND HOME | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV <u>without</u> Subordinate Financing	Maximum LTV/CLTV/HCLTV <u>with</u> Subordinate Financing
Purchase & No Cash-Out Refinance	1	620	85%	85%/85%
Cash-Out Refinance			75%	75%/75%

**INVESTMENT PROPERTY | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV <u>without</u> Subordinate Financing	Maximum LTV/CLTV/HCLTV <u>with</u> Subordinate Financing
Purchase	1	620	85%	85%/85%
	2-4		75%	75%/75%
No Cash-Out	1-4		75%	75%/75%
Cash-Out Refinance	1		75%	75%/75%
	2-4		70%	70%/70%

**FREDDIE MAC DIRECT ARM - HIGH BALANCE CONFORMING MATRIX**  
**ARM Rate Products**  
**Effective 4/10/17**

**PRIMARY RESIDENCE | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV <u>without</u> Subordinate Financing	Maximum LTV/CLTV/HCLTV <u>with</u> Subordinate Financing
Purchase & No Cash-Out Refinance	1	620	90%	90%/90%
	2-4		75%	75%/75%
Cash-Out Refinance	1		75%	75%/75%
	2-4		65%	65%/65%

**SECOND HOME | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV <u>without</u> Subordinate Financing	Maximum LTV/CLTV/HCLTV <u>with</u> Subordinate Financing
Purchase & No Cash-Out Refinance	1	620	80%	80%/80%
Cash-Out Refinance			65%	65%/65%

**INVESTMENT PROPERTY | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV <u>without</u> Subordinate Financing	Maximum LTV/CLTV/HCLTV <u>with</u> Subordinate Financing
Purchase	1	620	80%	80%/80%
	2-4		70%	70%/70%
No Cash-Out	1-4		75%	75%/75%
Cash-Out Refinance	1		65%	65%/65%
	2-4		65%	65%/65%

## NOTES

This document is not intended to replace Freddie Mac Guidelines. In the event of any conflicts between this document or Fannie Mae Guidelines follow the more restrictive guidance.

General	
<b>INVESTMENT PROPERTY</b>	» 7/1 or 10/1 ARM only
<b>HIGHER-PRICED MTG LOANS (HPML) &amp; HIGHER PRICED COVERED TRANSACTIONS (HPCT)</b>	» 7/1 or 10/1 ARM only
<b>INELIGIBLE</b>	» Texas Equity Section 50(a)(6)
<b>REFINANCE RESTRICTIONS</b>	» A fixed-rate mortgage may be refinanced into an ARM only when it results in a reduction in the monthly principal and interest payment. » If an existing junior lien being refinanced is a fixed-rate junior lien, the new junior lien may not be an ARM

**FREDDIE MAC DIRECT  
ARM & FIXED PRODUCT REQUIREMENTS**

All fixed rate program guides apply to the ARM program with the following additions.

**UNDERWRITING & CREDIT SUMMARY GUIDELINE**

<b>ARM LOOK BACK PERIOD</b>	» 45 days
<b>ASSUMPTION</b>	» Assumable
<b>CAPS</b>	» 5/1 LIBOR ARM: 2/2/5% » 7/1 & 10/1 LIBOR ARM: 5/2/5%
<b>CHANGE DATES</b>	» 5/1 ARM: - The first change date is the 60th payment due date. Subsequent change dates are every twelve (12) months thereafter. » 7/1 ARM: - The first Change Date is the 84th payment due date. Subsequent Change Dates are every twelve (12) months thereafter. » 10/1 ARM: - The first Change Date is the 120th payment due date. Subsequent Change Dates are every twelve (12) months thereafter.
<b>CONVERSION OPTION</b>	» None available
<b>INDEX</b>	» 1 yr LIBOR (London InterBank Offer Rate)
<b>INTEREST RATE ADJUSTMENT CAPS</b>	» 5/1 ARM Fully Amortized: - Initial: 2% up/down - Subsequent: 2% up/down - Lifetime: 5% up » 7/1 ARM Fully Amortized: - Initial: 5% up/down - Subsequent: 2% up/down - Lifetime: 5% up » 10/1 ARM Fully Amortized: - Initial: 5% up/down - Subsequent: 2% up/down - Lifetime: 5% up
<b>INTEREST RATE FLOOR</b>	» Equal to the margin
<b>MARGINS</b>	» 5/1, 7/1, 10/1: 2.25% » The floor is the margin
<b>QUALIFYING RATIOS</b>	» 5/1 LIBOR ARM: - Qualify at the higher of the Note rate plus 2% or the fully indexed rate » 7/1 & 10/1 LIBOR ARM: - Qualify at the higher of the Note rate or the fully indexed rate - HPML & HPCT qualify at the greater of the note rate or the fully indexed reate
<b>TERM</b>	» 30 yr only