ARMs: THE MISSING TOOL IN YOUR ARSENAL
TODAY’S TOPICS

The Myth About ARMs
What You Need To Know About ARMs
Educating & Qualifying Your Borrowers
Using ARMs to Grow Your Business

Questions? Please email questions@uwm.com
MYTHS ABOUT ARMs
No Pre-Payment Penalty
Fully Amortizing
Fixed Periods
Identifiable Caps & Index

PRESENT

PAST

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WHAT YOU NEED TO KNOW ABOUT ARMs

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CAPS

After the initial fixed period, the rates can move up and down, but there is a limit as to how high or low a rate can adjust.

The maximum that a rate can move up or down is set by the CAPS:

There are three caps that direct the interest rate:

<table>
<thead>
<tr>
<th>Cap Type</th>
<th>Initial Value</th>
<th>Periodic Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Initial Cap</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>2. Periodic Cap</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>3. Lifetime Cap</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Questions? Please email questions@uwm.com
MARGIN

A percentage set by the investor that the lender adds to the index.

- The margin does not change
- The margin plus index is the lowest a rate can ever adjust to

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INDEX

A regularly published interest rate independent of financial institutions; it measures the rate in which lenders and banks trade money to each other.

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FACT:
ARM rates are lower than fixed rates.

Questions? Please email questions@uwm.com
EXAMPLE OF A 7/1 ARM ORIGINATED IN 2005

2005-2012: 5.25%
2013: 2.65%
2014: 3.05%
2015: 2.90%
EDUCATING YOUR BORROWERS

Questions? Please email questions@uwm.com
# 7/1 ARM vs. 30-Year Fixed

**Loan amount $300,000, 80% LTV, 720 FICO**

<table>
<thead>
<tr>
<th>Program</th>
<th>Rate</th>
<th>P&amp;I Monthly Payment</th>
<th>Principal Balance after 7 years:</th>
<th>7/1 ARM PRINCIPAL SAVINGS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1 ARM</td>
<td>3.25%</td>
<td>$1,305.62</td>
<td>$253,557.95</td>
<td></td>
</tr>
<tr>
<td>30-Year Fixed</td>
<td>4.00%</td>
<td>$1,432.25</td>
<td>$258,178.41</td>
<td>$4,620.46</td>
</tr>
</tbody>
</table>

## Cash Savings

<table>
<thead>
<tr>
<th>Payment Difference:</th>
<th>Cash Savings After 84 Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$126.63 per month</td>
<td>$10,636.92</td>
</tr>
</tbody>
</table>

Questions? Please email questions@uwm.com
### $300,000 Loan Amount Forecasted to Year 9

<table>
<thead>
<tr>
<th></th>
<th>YEAR 8</th>
<th>AVERAGE RATE</th>
<th>YEAR 9</th>
<th>AVERAGE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7/1 ARM</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YEARS 1-7</td>
<td>8.25%</td>
<td>3.875%</td>
<td>8.25%</td>
<td>4.36%</td>
</tr>
<tr>
<td></td>
<td>(WORST-CASE)</td>
<td></td>
<td>(WORST-CASE)</td>
<td></td>
</tr>
<tr>
<td><strong>30-YEAR FIXED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YEARS 1-7</td>
<td>4.00%</td>
<td></td>
<td>4.00%</td>
<td></td>
</tr>
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Questions? Please email questions@uwm.com
ONLY 9% OF BORROWERS stay in their mortgage for 9 years or more

Questions? Please email questions@uwm.com
95% OF NEW LOANS are a Fixed Rate

Questions? Please email questions@uwm.com
QUALIFYING YOUR BORROWERS

Questions? Please email questions@uwm.com
# ARM Options

<table>
<thead>
<tr>
<th>ARM Type</th>
<th>5/1 ARM: 5/1 ARM: 5/1: 7/1 ARM: 7/1: 10/1 ARM: 10/1: 5/1: Margin: Margin: Margin: Note Rate + 2% Note Rate Note Rate</th>
<th>Conventional LIBOR</th>
<th>Big &amp; Easy Jumbo LIBOR</th>
<th>FHA Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional LIBOR</td>
<td>2/2/5 Caps 5/2/5 Caps 2.25%</td>
<td>2/2/5 Caps 2/2/5 Caps 2.25%</td>
<td>1/1/5 Caps 2.25%</td>
<td>5/1: Note Rate</td>
</tr>
</tbody>
</table>
USING ARMs TO GROW YOUR BUSINESS

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Revisit your past clients:

Are your clients looking to:
  • Refinance
  • Sell their home within 6-9 years

Create a refinance boom!

  • Property values are up
  • Offer new refinance options to past clients
  • Offer cash-out or debt consolidation

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SIGN-UP! Signup@uwm.com or visit uwm.com

UCLOSE
The fastest, easiest way to close! Clear-to-close to Closing in just Six Clicks.

UNITE YOUR HOME REPORT
Mortgage Lending Professionals of America

As your partner, UWM gives your business back to you!
Most Lenders will retain your client’s business... Not UWM.

Questions? Please email questions@uwm.com

QUESTIONS OR REQUEST A COPY
questions@uwm.com