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Preview

New Agency 5/6-Month and 10/6-Month SOFR ARMs Available Monday

Truist Bank (Truist) expands our Agency adjustable rate mortgage (ARM) offerings with the upcoming release of the Agency 5/6-Month and 10/6-Month Secured Overnight Financing Rate (SOFR) ARM products.

We add the new 5/6-Month and 10/6-Month SOFR ARM products under the following Agency loan programs:

- Standard Agency
- Agency Plus
- HomeReady®
- Home Possible®

We add the new Agency 10/6-Month SOFR ARM product only under the Texas Section 50(a)(6) loan program.

Note: Only fixed rate mortgages are eligible for CorrAdvantage.

Effective Dates

The new Agency 5/6-Month and 10/6-Month SOFR ARM products will be available for registrations and/or locks starting March 22, 2021.

Background Information

In response to the retirement of the LIBOR-index (previously announced in [COR20-033](#)), we continue our efforts to provide Agency ARM replacement products. We released a 7/6-Month SOFR ARM product back in October 2020 and now expand our Agency ARM offerings to include a 5/6-Month and 10/6-Month SOFR ARM product, under all Agency loan programs that previously offered a 5/1 and 10/1 LIBOR ARM product.

Bulletin Details

Introducing the Agency 5/6-Month and 10/6-Month SOFR ARMs

Beginning March 22, 2021, fully amortizing 5/6-Month and 10/6-Month SOFR ARM products will be available for registrations and/or locks.

5/6-Month and 10/6-Month SOFR ARM products will be available under the following Agency loan programs:

- Standard Agency
- Agency Plus
- HomeReady
- Home Possible

A 10/6-Month SOFR ARM product will be available under the Texas Section 50(a)(6) loan program.

ARM parameters specific to the Agency 5/6-Month and 10/6-Month SOFR ARMs are as follows:

Topic	ARM Parameters
Conversion Option	A conversion option is not available; all SOFR ARM products are non-convertible
Index	Secured Overnight Financing Rate (SOFR): The 30-day average of the Secured Overnight Financing Rate index as published by the Federal Reserve Bank of New York

Product Release

Information for Correspondent Lenders of Truist Bank
March 19, 2021 • COR21-017



Bulletin Details, continued

Introducing the Agency 5/6-Month and 10/6-Month SOFR ARMs, continued

Topic	ARM Parameters
Interest Rate Adjustments	<ul style="list-style-type: none">• 5/6-Month SOFR ARM: Following the initial five year fixed rate period (i.e., 60 months), subsequent interest rate adjustments will occur every 6 months thereafter• 10/6-Month SOFR ARM: Following the initial ten year fixed rate period (i.e., 120 months), subsequent interest rate adjustments will occur every 6 months thereafter
Interest Rate Caps	<ul style="list-style-type: none">• 5/6-Month SOFR ARM:<ul style="list-style-type: none">• 2% cap, up or down, on the initial change• 1% cap, up or down, on each subsequent 6-month change thereafter• 5% lifetime cap (over the note rate)• 10/6-Month SOFR ARM:<ul style="list-style-type: none">• 5% cap, up or down, on the initial change• 1% cap, up or down, on each subsequent 6-month change thereafter• 5% lifetime cap (over the note rate)
Margin/Floor	3.00%

With the exception of the ineligibility of non-AUS second home and investment property transactions, Fannie Mae and Freddie Mac eligibility requirements (i.e., LTV/TLTV/HTLTV ratios, loan purpose, occupancy, property type, qualifying rates, etc.) that applied for Agency 5/1 and 10/1 LIBOR ARMs, apply to the new Agency 5/6-Month and 10/6-Month SOFR ARM products.

Except as outlined on the Correspondent Agency Overlay Matrix (*inclusive of the temporary COVID-19 related restrictions previously announced in [COR20-015](#) that will now also apply to the new 5/6-Month and 10/6-Month SOFR ARM transactions*), Truist guidelines align with Fannie Mae and Freddie Mac requirements for the 5/6-Month and 10/6-Month SOFR ARM products. Impacted guideline documents have been revised to reflect the new Agency 5/6-Month and 10/6-Month SOFR ARM product offerings and are accessible under the “Revised Materials” section below.

Revised Materials

Click [Automated Underwriting](#), [Agency Loan Programs](#), [Fannie Mae HomeReady®](#) and [Freddie Mac Home Possible® Mortgages](#), and [Texas Section \[50\(a\)6\] Mortgages](#) to review the revised product materials.

Former Guidelines

We only offered a 7/6-Month SOFR ARM as a part of our Agency product offerings.

Other Resources

Support Group	Description and Contact Information:
Correspondent Relations Coordinator	Specific questions on applying this procedure to specific loan files. Contact Correspondent Relations Coordinators at 800.382.2111, Option 1.
Product Support	Provides phone and email support on products, policies, and procedures as well as new product rollout and existing product enhancement. Contact Product Support at 800.382.2111, option 3.

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