Differences Among ARMs:
Golden West Option ARM, Made for Sale Option ARM, Subprime 2/28 ARM

	Golden West	Option ARM Made for Sale	Subprime 2/28
Market Entry	1981	Circa 2003	
Method of Operation	Hold in portfolio	Originate/sell to be packaged in mortgage securities that have recently been found to be toxic	
Institutions Making the Loan	Portfolio lenders (e.g. Golden West, Home Savings)	Mortgage bankers	State-chartered subprime lenders or mortgage bankers
Risk	Retained	Passed on to investors	
Recast Triggers			
- Time	10 years	5 years	2 years
- Loan Balance [1]	125%	110%	n/a
Typical Minimum Payment Rate [2]	1.95%-2.85% or higher	1.0% or lower	n/a
Loan to Value Ratio (LTV) [3]	Up to 80%, average 71%	Up to 100%	
Underwriting	Traditional underwriting based on borrower's ability to make the full amortizing payment	Automated underwriting, often based on borrower's ability to make a minimum payment	Little, if any, underwriting performed
Appraisal	Most appraised in-house; every loan individually reviewed	Use of either fee appraiser or AVM (automated valuation model)	

1 If the loan balance exceeds 125% (or 110%, as the case may be), of the original loan balance, the lender can recast the loan.
2 The minimum payment rate is used to calculate the initial minimum payment the borrower can make on the loan. The lower the rate, the greater the potential for, and magnitude of, payment shock.
3 Golden West originated a limited number of loans with LTVs above 80%; the company obtained mortgage insurance for such loans.