

Arc Home Conventional 30-Year Fixed Investment Property Product

Minimum/ Maximum Loan Amount	<p>Conforming:</p> <ul style="list-style-type: none"> Minimum Loan amount: \$100k. Maximum 65% LTV for loan amounts < \$150k Maximum Loan amount: Base loan amount cannot exceed the FHFA conforming limit. <p>Jumbo:</p> <ul style="list-style-type: none"> Minimum Loan amount: FHFA conforming limit + \$1. Maximum Loan amount: \$2MM 																																																
LTV/FICO Requirements Conforming Loan Amounts	<table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr style="background-color: red; color: white;"> <th colspan="4">Purchase and Rate-Term Refinance</th> </tr> <tr style="background-color: #cccccc;"> <th>FICO</th> <th>Max LTV/CLTV/HCLTV 1-Unit</th> <th>Max LTV/CLTV/HCLTV 2-4 Unit</th> <th>Condo Max LTV</th> </tr> </thead> <tbody> <tr><td>740</td><td>85%</td><td>75%</td><td>75%</td></tr> <tr><td>700</td><td>80%</td><td>75%</td><td>75%</td></tr> <tr><td>680</td><td>75%</td><td>75%</td><td>75%</td></tr> <tr><td>660</td><td>70%</td><td>70%</td><td>70%</td></tr> <tr><td>640</td><td>60%</td><td>60%</td><td>60%</td></tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: red; color: white;"> <th colspan="4">Cash-Out Refinance¹</th> </tr> <tr style="background-color: #cccccc;"> <th>FICO</th> <th>Max LTV/CLTV/HCLTV 1-Unit</th> <th>Max LTV/CLTV/HCLTV 2-4 Unit</th> <th>Condo Max LTV</th> </tr> </thead> <tbody> <tr><td>720</td><td>75%</td><td>70%</td><td>75%</td></tr> <tr><td>700</td><td>70%</td><td>70%</td><td>70%</td></tr> <tr><td>680</td><td>60%</td><td>60%</td><td>60%</td></tr> </tbody> </table> <p>¹\$1MM maximum cash-in-hand</p>	Purchase and Rate-Term Refinance				FICO	Max LTV/CLTV/HCLTV 1-Unit	Max LTV/CLTV/HCLTV 2-4 Unit	Condo Max LTV	740	85%	75%	75%	700	80%	75%	75%	680	75%	75%	75%	660	70%	70%	70%	640	60%	60%	60%	Cash-Out Refinance ¹				FICO	Max LTV/CLTV/HCLTV 1-Unit	Max LTV/CLTV/HCLTV 2-4 Unit	Condo Max LTV	720	75%	70%	75%	700	70%	70%	70%	680	60%	60%	60%
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Income Requirements	Income must be fully documented per Fannie Mae or Freddie Mac guidelines per the applicable AUS
APR-APOR Spread Requirement	Loans must be originated to meet definition of a Safe Harbor or Rebuttable Presumption Mortgage Loan under the Qualified Mortgage Rule and may not have an APR-APOR spread of greater than 2.25 (or 3.5% in the case of loan balance below \$110,260 (as periodically adjusted). In the case of Investment Properties under this program, Arc may consider whether the loan may be eligible for sale as an ATR Exempt loan as defined under applicable legal and agency requirements.
Eligible Property Types	<ul style="list-style-type: none"> • 1-4 Unit Single Family Residence (attached/detached) • Planned Unit Development (PUD) • Fannie Mae Warrantable Condo • Properties classified as Rural per appraisal – Property with 10.00 acres or less; cannot be zoned as agricultural or provide a source of income to the borrower and per the appraisal must be the highest and best use” for the property; max 65% LTV • Properties with unpermitted additions must meet Fannie Mae guidelines or Freddie Mac guidelines, depending on AUS used, in order to be eligible
Ineligible Property Types	<ul style="list-style-type: none"> • Co-ops • Timeshares • Non-warrantable Condos and Condotels • Manufactured Home • Full Log Cabin (with full log walls) • Mixed Use • Unique Properties (Modular, Earth Berm, etc.) • Boarding House • Assisted Living • Vacant Land • Hobby Farms • Working Farms • Properties in C5 or C6 condition
Non-Arm’s Length Transaction	<p>Non-arm’s length transactions are permitted under the following circumstances:</p> <ol style="list-style-type: none"> 1. Purchase between family members is permitted only when the following are met: <ul style="list-style-type: none"> • Signed and dated letter of explanation (LOE) from borrower stating relationship to seller and reason for the purchase; • Appraiser to be advised of non-arm’s relationship; • Cancelled checks for Earnest Money Deposit (EMD), if applicable; • Cannot be a foreclosure bailout; 12-month mortgage history from lending institution being paid off is to be provided to confirm it is not a foreclosure bailout. 2. Renters purchasing from a landlord:



	<ul style="list-style-type: none"> • Must provide 24 months cancelled checks or proof of electronic transfer; a VOR will not be acceptable. • Cannot be a foreclosure bailout; 12-month mortgage history from lending institution being paid off is to be provided to confirm it is not a foreclosure bailout.
Conflicts of Interest	<p>Conflicts of interest are not permitted. Borrowers with one or more conflicts of interest are NOT permitted. A conflict of interest exists and is prohibited when the borrower has multiple roles in the transaction. These include, but are not limited to, situations where the borrower is also:</p> <ul style="list-style-type: none"> • The builder; • The loan officer on the transaction; • Borrower representing themselves as the agent in the real estate transaction: <ul style="list-style-type: none"> ○ The commission earned cannot be used for down payment or reserve requirements. • The listing and selling agent (borrower can be the listing agent but not both); • The owner/principal of a mortgage brokerage or correspondent lender may not originate their personal mortgage with their own company. • Employees of mortgage brokerages or correspondent lenders originating through their employer are acceptable borrowers only under the following circumstances: <ul style="list-style-type: none"> ○ They do not act as a processor, underwriter or in any capacity in originating their loan; And ○ The subject property is their primary residence or second home; investment properties are not permitted.
Occupancy	<ul style="list-style-type: none"> • Investment/Non-Owner Occupied only
Geographic Restrictions	<ul style="list-style-type: none"> • In Missouri, Arc Home may only fund fully delegated Correspondent loans.
Assumptions	<ul style="list-style-type: none"> • NA
Escrow Waivers	<ul style="list-style-type: none"> • Not permitted on loans with LTV's over 80% • In California, not permitted with LTV's over 90%
Prepayment Penalty	<ul style="list-style-type: none"> • None
Borrower Eligibility	<ul style="list-style-type: none"> • Must meet Fannie Mae or Freddie Mac requirements • For Arc Elite, Arc Access, Conventional Investment Property and FNMA/FHLMC Second Home-Investment Property Products, each borrower may not exceed either an aggregate unpaid principal balance amount of \$5MM or 10 loans (including the subject property) financed with Arc Home Loans. • Borrowers in Deportation or Asylum status, including but not limited to EAD status of CO8, CO9 and C18 are not permitted
Credit	<ul style="list-style-type: none"> • Loans must score "Approve" or "Accept" on Fannie Mae's Desktop Underwriter or Freddie Mac's Loan Product Advisor. Loans may score "Ineligible" only for loan amount or, where MI would otherwise be required, for LTV. A Refer, Caution, Incomplete, Invalid or out of scope are not allowed. No manual underwriting. • Minimum of two FICO scores for each Borrower. • Existing mortgage or rent payments must be current at the time of origination



	<ul style="list-style-type: none"> ○ Minimum 12 months of housing history, up to 1x30x12 allowed ○ Mortgage Verification for a Private Party Mortgage must include: <ul style="list-style-type: none"> ▪ A copy of the fully executed mortgage note ▪ Cancelled checks or bank statements that clearly document the payment history for the most recent 12 months on the private party note ○ Rental history must include cancelled checks or bank statements • Borrowers with history of Foreclosure or Bankruptcy must meet Fannie Mae or Freddie Mac guidelines per the applicable AUS. • Forbearance permitted only as due to Cares Act/COVID-19. Borrower(s) must be out of forbearance. Copy of the forbearance agreement required with minimum three months paid as agreed, post-forbearance. 						
Assets	<ul style="list-style-type: none"> • As determined by AUS. • Reserve requirements are the greater of AUS requirements or requirements in the chart below <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Loan Amount</th> <th style="text-align: center;">Required Reserves</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Loan Amount <=/ Conforming Loan Limits</td> <td style="text-align: center;">AUS Requirements</td> </tr> <tr> <td style="text-align: center;">Loan Amount > Conforming Loan Limits</td> <td style="text-align: center;">6 Months</td> </tr> </tbody> </table>	Loan Amount	Required Reserves	Loan Amount <=/ Conforming Loan Limits	AUS Requirements	Loan Amount > Conforming Loan Limits	6 Months
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Mortgage Insurance	<ul style="list-style-type: none"> • Not required 						
Verbal Verification of Employment	<ul style="list-style-type: none"> • Verbal Verification of Employment is required for all borrowers using salaried income to qualify and must be completed within 10 business days prior to the note date. • Verbal Verification of Employment is required for all borrowers using self-employed income to qualify and must be completed within 20 Business days prior to the note date. 						
Limitations on Other R.E Owned	<ul style="list-style-type: none"> • Borrowers with more than 6 financed properties must have a minimum 720 FICO score and meet AUS reserve requirements. • Number of financed properties cannot exceed 10. • See Fannie Mae Selling Guide Chapter B2-2-03 or Freddie Mac Seller Guide Topics 4201.4, 4201.15 and 4201.16 for further details. 						
Appraiser Requirements	<ul style="list-style-type: none"> • Valid state license • Cannot be on the Freddie Mac Exclusionary List 						
Appraisal/ Valuation Requirements	<ul style="list-style-type: none"> • Property Inspection Waiver (PIW) & Automated Collateral Evaluation (ACE) are permitted with an AVM, refer to Appraisal Valuation Requirements. • If an appraisal is required, refer to Appraisal Valuation Requirements for when any additional collateral review is required. 						
Special Requirements / Restrictions	<ul style="list-style-type: none"> • Escrow Holdbacks are only permitted for Correspondent loans and must be completed by purchase/funding. 						
Internet Links	www.archomellc.com						

