



This document is a summary of Arc guideline overlays to Agency requirements. This document should be used as a reference tool in conjunction with Arc's guidelines and the appropriate Agency guidelines and is not intended to be used as a replacement to the guidelines. Where this document is silent or conflicts with the published guidelines, the published guidelines will prevail.  
Please note, layering of risk may lead to additional documentation for Approve/Accept scores.

**Government Standard and High Balance**

Product	Topic	Overlay
All Gov	4506-C	A fully executed 4506-C is required for all loans
FHA and VA	Escrow Holdbacks	Approval is required for all repair escrows and eligibility is subject to Arc Home discretion
All Gov	Assets	Any cash-in-hand proceeds, to the Borrower, from any cash-out refinance transaction must be wired to a U.S. bank account.
All Gov	Escrow Holdbacks	Escrow Holdbacks are not permitted
All Gov	Escrow Waivers	Taxes and Homeowners Insurance must be escrowed
All Gov	Forbearance	Borrowers currently in a forbearance plan, or pending acceptance of a forbearance plan, are ineligible for a new transaction. This would include any refinance of the loan in forbearance, regardless of payment history, any refinance of other loans not in forbearance, and new purchase transactions. Borrowers will need to resolve the current or pending forbearance prior to completing a new transaction. This guidance is applicable to any borrower in any type of forbearance plan on a residential mortgage, regardless if the borrower has been making their payment during the forbearance. Any loan that enters forbearance or for which forbearance has been requested after closing but prior to delivery to Arc Home, is not eligible for purchase by Arc Home.
FHA	FTHB Credit	When all FHA borrowers are First-Time Home Buyers the following apply: • If the DTI >50 – 55%, minimum 660 FICO is required. • Max 55.00% DTI
All Gov	Property Type	For FHA and VA Condos – subject must be investor approved. DELRAP and single unit approvals are not allowed.
VA	Manual Underwriting	Manual underwriting not allowed on VA full documentation loans. All loans must have valid Approve/Accept score
All Gov	Marijuana Related Business (MRB) Income and Assets	Federal law restricts marijuana related activities and therefore the income and assets from these sources are not allowed for qualifying. Related activities include: • Possession of cannabis or cannabis seeds • Processing • Growing • Harvesting/Cultivation • Testing • Packaging/Delivery • Wholesale or Retail sales
VA	Max loan Amount	\$1,000,000
FHA	Credit	FHA (non streamline): • Minimum 580 FICO. • Loans with DTI >50 – 55%, minimum 620 FICO is required. • Max 55.00% DTI
All Gov	Minimum Loan Amount	\$50,000



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**Government Standard and High Balance**

Product	Topic	Overlay
FHA and VA	Principal Reductions at Closing	Permitted on FHA and VA loans to a maximum of 1% of the loan amount if a Lender Credit exceeds actual closing costs and/or prepaids as a result of Lender Paid Closing Costs. If the excess is greater than 1%, the interest rate must be reduced to lower the Lender contribution. Lender contribution cannot be used for Borrower's Minimum Required Investment.
FHA Streamline and VA IRRRL	Credit	For all FHA Streamline Refinances and VA IRRRL Refinances: <ul style="list-style-type: none"> <li>• Minimum 600 FICO; however, VA IRRRLs with loan amount <math>\geq</math> \$500k must have a min 620 FICO</li> </ul>
USDA	Credit	USDA: <ul style="list-style-type: none"> <li>• Minimum 620 FICO.</li> <li>• "Take-out" loans for construction and renovation are not permitted</li> <li>• Manufactured homes and properties in a Community Land Trust not permitted</li> </ul>
VA	Credit	VA (non IRRRL): <ul style="list-style-type: none"> <li>• If the DTI <math>&gt;50 - 55\%</math>, minimum 620 FICO is required.</li> <li>• Max 55.00% DTI</li> <li>• Minimum 600 required for all transactions except for the following: <ul style="list-style-type: none"> <li>o Minimum 660 FICO for All VA Fixed and ARM products for any Loan Amount <math>\geq</math> \$700,000 (note that our max VA Non IRRRL loan amount is \$1,000,000)</li> <li>o Minimum 640 FICO for 3/1 ARM VA Standard balance <math>&gt;90\%</math> LTV.</li> <li>o Minimum 640 FICO for 5/1 ARM VA Standard balance</li> <li>o Minimum 660 FICO required for 3/1 VA ARM High Balance Purchase Transactions <math>&gt; 90\%</math> LTV</li> <li>o Minimum 640 FICO for 3/1 ARM VA High Balance <math>&gt;75 - 90</math> LTV (if Loan Amount is <math>\geq</math> \$700,000, then the 660 minimums above noted will apply)</li> <li>o Minimum 640 FICO for 5/1 ARM VA High Balance <math>&gt; 90</math> LTV (if Loan Amount is <math>\geq</math> \$700,000, then the 660 minimums above noted will apply)</li> </ul> </li> </ul>
All Gov	Property Type	Manufactured Homes are permitted for FHA Streamline and VA IRRRL transactions Only Community Land Trusts not permitted
All Gov	Tax Transcripts	IRS Tax or W-2 Transcripts are required prior to closing: <ul style="list-style-type: none"> <li>• When there is a relationship between the employer and borrower; and</li> <li>• At the underwriter's discretion if needed to address red flags and</li> <li>• When the most recent tax returns have not been filed.</li> </ul>
All Gov	Title Commitment	Title commitment may not be older than sixty (60) days as of the loan's Note Date.
All Gov	Verbal VOE	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 120 calendar days (USDA requires 30 calendar days) prior to the note date.