

Arc Home
Wholesale Fannie Mae Conforming ARM

Product Description	Product Name		Amortization Terms	
	5/6 mos SOFR ARM FNMA Conventional		30 Years	
	7/6 mos SOFR ARM FNMA Conventional		30 Years	
	ARM Parameters			
	Index	30-day average of the Secured Overnight Financing Rate (SOFR) Index as published by the Federal Reserve Bank of New York		
	Margin	2.75%		
	Caps	5/6 mos - 2/1/5 7/6 mos - 5/1/5		
	Interest Rate Adjustment	The interest rate is fixed for the initial period and adjusts on a semi-annual basis thereafter using the Index value effective 45 calendar days before the rate adjustment date. The Interest Rate at time of adjustment is calculated as the aforementioned Index value plus the Margin, and is rounded to the nearest 1/8th of one percentage point.		
Assumability	May be assumable after the initial fixed rate period			
Qualifying Rate & Ratios	<ul style="list-style-type: none"> • 5/6 mos - Greater of Note Rate + 2.00% or the Fully Index Rate • 7/6 mos - Note Rate • Dependent on Desktop Underwriter and MI Partner's overlay 			
Types of Financing	<ul style="list-style-type: none"> • Purchase Money • Rate and Term Refi • Cash Out Refi <ul style="list-style-type: none"> ○ Arc Home will permit a maximum of three (3) delayed financing transactions per Borrower • For Texas primary residences, cash-out refinances are permitted under the following terms: <ul style="list-style-type: none"> ○ Permitted for SFD, PUD or warrantable condo ○ Maximum 80% LTV/CLTV ○ ANY cash-back to Borrower is considered a Cash-Out Refinance ○ All requirements in Texas 50(a)6 legislation will apply ○ See Chapter B5-4 of Fannie Mae Selling Guide for full requirements 			
Maximum Loan Amount	Maximum loan limits vary by county. The base loan amount cannot exceed the FHFA baseline conforming limit .			
HPML/HPCT	<p>HPML loans are eligible.</p> <p>Loans must be originated to meet definition of a Safe Harbor or Rebuttable Presumption Mortgage Loan under the Qualified Mortgage Rule.</p>			

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LTV Limits	Primary Residence		
	LTV Limitations	# of Units	LTV/CLTV/HCLTV
	Purchase and Limited Cash Out Refinance	1-4	95%/95%/95%
	Cash Out Refinance	1	80%/80%/80%
		2-4	75%/75%/75%
	Second Home		
	LTV Limitations	# of Units	LTV/CLTV/HCLTV
	Purchase and Limited Cash Out Refinance	1	90%/90%/90%
	Cash Out Refinance	1	75%75%75%
	Investment Property		
	LTV Limitations	# of Units	LTV/CLTV/HCL TV
	Purchase	1	85%/85%/85%
		2-4	75%/75%/75%
	Limited Cash-Out Refinance	1-4	75%/75%/75%
	Cash Out Refinance	1	75%/75%75%
	2-4	70%70%70%	
HPML/HPCT	<p>HPML loans are eligible. Loans must be originated to meet definition of a Safe Harbor or Rebuttable Presumption Mortgage Loan under the Qualified Mortgage Rule.</p>		
Property Types	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1-4 Unit Single Family Residences (SFR) • PUDs • Fannie Mae Warrantable condominiums <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • Manufactured Homes • Co-op's • Condo Hotels • Timeshares • Properties in C5 or C6 condition 		

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Occupancy	<ul style="list-style-type: none"> • Primary Residence • Second Home • Investment Property
Geographic Locations	<ul style="list-style-type: none"> • Arc Home cannot lend in Missouri
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
Underwriting	<ul style="list-style-type: none"> • Desktop Underwriter with risk classification of Approve/Eligible is required • Manual Underwrites not permitted
Borrower Eligibility	<ul style="list-style-type: none"> • See Fannie Mae Selling Guide Chapter B2-2: Borrower Eligibility
Income	<ul style="list-style-type: none"> • As determined by Desktop Underwriter • If a Borrower is being qualified with income from new employment or a pay increase, and the new income will not start prior to closing, the guidelines from Fannie Mae Selling Guide B3-3.1-09, Other Sources of Income; Employment Offers or Contracts; Option 2 must be followed. Loan must be delivered with Special Feature Code 707.
Credit	<ul style="list-style-type: none"> • Non-traditional credit not permitted • All Borrowers must have a credit score
Assets	<ul style="list-style-type: none"> • As determined by Desktop Underwriter
Mortgage Insurance	<ul style="list-style-type: none"> • Standard mortgage insurance coverage is required, follow Desktop Underwriter recommendation • In New York, for purposes of determining terms of mortgage insurance, Lenders are required to rely solely on the appraised value of the property. • Borrower Paid MI permitted • Lender Paid MI permitted • MI Providers: <ul style="list-style-type: none"> ○ Essent ○ Enact ○ MGIC ○ National MI ○ Radian
Limitations on Other R.E Owned	<ul style="list-style-type: none"> • Follow Fannie Mae Selling Guide Chapter B2-2-03
Appraiser Requirements	<ul style="list-style-type: none"> • Valid state license • Cannot be on the Freddie Mac Exclusionary List
Appraisal Requirements	<ul style="list-style-type: none"> • UAD Compliant • As determined by Desktop Underwriter
Escrow Holdbacks	<ul style="list-style-type: none"> • Approval is required for all repair escrows. See the Arc Home Escrow Holdback Policy on the Arc Home website for details
Internet Links	www.archomellc.com