

**Arc Home
Wholesale Fannie Mae HomeReady ARM**

Product Name		Amortization Terms	
5/6 mos SOFR ARM FNMA HomeReady		30 Years	
7/6 mos SOFR ARM FNMA HomeReady		30 Years	
5/6 mos SOFR ARM FNMA HomeReady High Balance		30 Years	
7/6 mos SOFR ARM FNMA HomeReady High Balance		30 Years	
ARM Parameters			
Product Description	Index	30-day average of the Secured Overnight Financing Rate (SOFR) Indexes 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.	
	Assumable	May be assumable after the initial fixed rate period	
	<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 • Max DTI - Dependent on DU and MI Partner’s overlay, not to exceed 45% 		
Qualifying Rate& Ratios			
Types of Financing		<ul style="list-style-type: none"> • Purchase Money • Rate and Term Refi 	
Maximum LoanLimits		Maximum loan limits vary by county. The base loan amount cannot exceed the FHFA conforming limit .	
LTV Limitations	Primary Residence		
	LTV Limitations	# of Units	LTV/CLTV ¹
	Conforming Purchase & LimitedCash-Out Refinance	1-4	95%/105%
	High Balance Purchase & Limited Cash-Out Refinance	1	95%/105%
2		85%/105%	



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		3-4	75%/105%
	¹ CLTV up to 105% with eligible Community Seconds (refer to HomeReady Section B5-6-01 and FNMA Eligibility Matrix for details)		
HPML/HPCT	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.		
Property Types	Eligible Property Types <ul style="list-style-type: none"> • 1-4 Unit Single Family Residences (SFR) • PUDs • Fannie Mae warrantable condominiums Ineligible Property Types <ul style="list-style-type: none"> • Manufactured Homes • Co-op's • Condo Hotels • Timeshares • Properties in C-5 or C-6 condition 		
Occupancy	<ul style="list-style-type: none"> • Primary Residence Only 		
Geographic Locations	<ul style="list-style-type: none"> • Arc Home cannot lend in Hawaii and Missouri 		
Assumptions	<ul style="list-style-type: none"> • Not permitted 		
Escrow Waivers	<ul style="list-style-type: none"> • Not permitted 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 risk classification of Approve/Eligible is required. DU must confirm loan is being scored as HomeReady. • Manual Underwrites are not permitted • For underwriting guidelines specific to HomeReady, refer to Fannie Mae Guide Section B5-6-02, HomeReady Mortgage Underwriting Methods and Requirements 		
Processing Styles	<ul style="list-style-type: none"> • Standard 		
Borrower Eligibility	<ul style="list-style-type: none"> • Refer to Fannie Mae Guide section B5-6-01, HomeReady Mortgage Loan and Borrower Eligibility 		
Homeownership Education	<ul style="list-style-type: none"> • Homeownership education is required; refer to HomeReady Section B5-6-02 Homeownership Education and Housing Counseling 		
Credit	<ul style="list-style-type: none"> • Non-Traditional Credit is not permitted • All Borrower must have a FICO score 		

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Income/ Employment	<ul style="list-style-type: none"> Borrower(s) must meet area median income(AMI) requirements on Fannie Mae's website and satisfy Desktop Underwriter requirements 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.
Assets	<ul style="list-style-type: none"> Sweat Equity and Cash on Hand are not permitted Documentation requirements per Desktop Underwriter
Mortgage Insurance	<ul style="list-style-type: none"> Refer to Fannie Mae Section B5-6-04, Mortgage Insurance Coverage MI Providers: <ul style="list-style-type: none"> Essent Enact MGIC National MI Radian
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 DU
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
Special Feature Codes	<p>Special Feature Code 900 must be delivered for all HomeReady mortgage loans. In addition, one or more of the following special feature codes may also be required for HomeReady mortgages:</p> <ul style="list-style-type: none"> loans with a Community Second – 118, loans with financed mortgage insurance – 281 and loans where at least one Borrower completed pre-purchase housing counseling and homeownership education - 184