

**Arc Home**  
**Wholesale Fixed-Rate FHA Streamline Refinance**  
**Credit Qualifying**  
**Standard and High Balance**

Product Description	Product Name		Allowable Amortization Terms
	15 Year Fixed Rate FHA Streamline Refinance – Credit Qualifying		10 to 15 years, increments of 12 months
	30 Year Fixed Rate FHA Streamline Refinance – Credit Qualifying		16 to 30 years, increments of 12 months
	15 Year Fixed Rate FHA High Balance Streamline Refinance – Credit Qualifying		10 to 15 years, increments of 12 months
	30 Year Fixed Rate FHA High Balance Streamline Refinance – Credit Qualifying		16 to 30 years, increments of 12 months
Qualifying Rate & Ratios	Qualify using the Note Rate		
	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors	
	31/43	No compensating factors required. Energy Efficient Homes may have stretch ratios of 33/45.	
	37/47	One of the following: verified and documented cash Reserves; minimal increase in housing payment; or residual income.	
Types of Financing	• Rate and Term Refi of existing FHA insured Mortgage		
Loan Amount	• Minimum loan amount: \$50,000  • FHA Standard Balance: Maximum loan limits vary by county. Base loan amounts cannot exceed the lesser of HUD’s <a href="#">FHA Mortgage Limit</a> for the area or the <a href="#">FHFA baseline conforming limit</a> .  • FHA High Balance: High Balance loan amounts exceed the FHFA baseline conforming limit by at least \$1. The base loan amount cannot exceed HUD’s <a href="#">FHA Mortgage Limit</a> for the area.		
LTV/CLTV Limitations	Loan Amount	Maximum LTV	Maximum CLTV
	Standard	97.75%	200%
	High Balance	97.75%	97.75%
For Mortgages where FHFA does not require an appraisal, the value from the previous Mortgage is used to calculate the LTV.			
Secondary Financing	• Existing subordinate financing, in place at the time of case number assignment, must be resubordinated to the Streamline Refinance. • New subordinate financing is permitted only where the proceeds of the subordinate financing are used to: Reduce the principal amount of the existing FHA-insured Mortgage, or finance the origination fees, other closing costs, or discount points associated with the refinance		
Property Types	Eligible Property Types • Single Family Residence • 1-4 Units • PUDs		

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	<ul style="list-style-type: none"> <li>• Condos (allowed in accordance with FHA Streamline guidelines as published by HUD)</li> <li>• Manufactured Homes</li> </ul> <p>Ineligible Property Types</p> <ul style="list-style-type: none"> <li>• Co-Op's</li> <li>• Condo Hotels</li> <li>• Timeshares</li> <li>• Community Land Trust</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>• Principal Residences</li> <li>• HUD – approved Second Residences</li> <li>• Investment Properties</li> </ul> <p><b>Note:</b> Investment Properties and HUD-approved Second Residences are only eligible for Streamline Refinancing into a Fixed Rate Mortgage.</p>
FICO/Payment History Requirements	<p>As documented by a full tri-merged credit report:</p> <ul style="list-style-type: none"> <li>• Minimum FICO of 600</li> <li>• For all mortgages on all properties with less than six months of Mortgage Payment history, the Borrower must have made all payments within the month due. For all mortgages on all properties with greater than six months of Mortgage Payment history, the Borrower must have made all Mortgage Payments within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months. The Borrower must have made the payments for all Mortgages secured by the subject Property within the month due for the month prior to mortgage Disbursement.</li> <li>• 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.</li> </ul>
Seasoning Requirements of Existing Lien	<p>In addition to the requirements listed above, loans are eligible for refinance if and only if:</p> <ul style="list-style-type: none"> <li>• The Borrower has made at least six consecutive monthly payments on the loan being refinanced, beginning with the payment made on the first payment due date <b>AND</b></li> <li>• The first payment due date of the new loan will occur no earlier than 210 days after the first payment due date of the loan being refinanced</li> </ul>
Geographic Locations	<ul style="list-style-type: none"> <li>• Arc Home cannot lend in the following states: Missouri</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Escrow Waivers	<ul style="list-style-type: none"> <li>• Taxes and Homeowners Insurance must be escrowed</li> </ul>

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Prepayment Penalty	<ul style="list-style-type: none"> <li>• None</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>• FHA's Streamline Refinance Credit Qualifying program</li> <li>• Manually Underwritten</li> <li>• Loans must comply with HUD 4000.1 Handbook standards</li> <li>• Tax transcripts will be required when determined by the Underwriter</li> <li>• A fully executed 4506-C is required for all loans</li> <li>• Federal law restricts marijuana related activities and therefore the income and assets from these sources are not allowed for qualifying. Related activities include: <ul style="list-style-type: none"> <li>○ Possession of cannabis or cannabis seeds</li> <li>○ Processing</li> <li>○ Growing</li> <li>○ Harvesting/Cultivation</li> <li>○ Testing</li> <li>○ Packaging/Delivery</li> <li>○ Wholesale or Retail Sales</li> </ul> </li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>• Borrower must be natural person &amp; meet minimum state age requirements</li> <li>• At least one Borrower from the existing Mortgage must remain as a Borrower on the new Mortgage</li> </ul>
Co-Borrower	<ul style="list-style-type: none"> <li>• Non-occupying co-borrowers that were on the original loan may remain.</li> <li>• Adding a non-occupying co-borrower is NOT allowed.</li> </ul>
Assets	<ul style="list-style-type: none"> <li>• Verify borrower(s) funds to close, in excess of the total Mortgage Payment of the new Mortgage refer to source of funds guideline in HUD 4000.1 Handbook</li> <li>• Principal Reduction is permitted 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.</li> <li>• Cash reserves: <ul style="list-style-type: none"> <li>○ Credit Qualifying (no gifts for reserves): <ul style="list-style-type: none"> <li>▪ 1-2 Unit properties: 1 month PITI</li> <li>▪ 3-4 Unit properties: 3 months PITI</li> </ul> </li> </ul> </li> </ul>
Limitations on Other R.E. Owned	<ul style="list-style-type: none"> <li>• Per HUD Guidelines</li> </ul>
Appraisal Requirements	<ul style="list-style-type: none"> <li>• Not required</li> </ul>
MIP	<ul style="list-style-type: none"> <li>• See chart attached</li> </ul>
Community Property States	<ul style="list-style-type: none"> <li>• California</li> <li>• Louisiana</li> <li>• New Mexico</li> <li>• Texas</li> <li>• Washington</li> <li>• Wisconsin</li> </ul>
Special Requirements/Restriction	Proof of Occupancy Required

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	<ul style="list-style-type: none"> <li>• If a borrower is re-occupying a property that was previously an investment property, Streamline Refinances are not allowed (unless the borrower has re-occupied the residence 12 months or more prior to the loan application date.)</li> <li>• Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan</li> <li>• The Mortgagee must review the borrower's employment documentation or obtain utility bills to evidence that the borrower currently occupies the property as their principal residence.</li> <li>• The Mortgagee must obtain evidence that the second residence has been approved by the Jurisdictional HOC.</li> <li>• The mortgagee must process the streamline refinance as an investment property if the mortgagee cannot obtain evidence that the borrower occupies the property either as a principal or second residence.</li> </ul> <p>Borrower must meet Net Tangible Benefit criteria as outlined in HUD 4000.1 Handbook</p> <p>Review of Limited Denial Participation and SAM Exclusion Lists is required</p> <p>Cash back to borrower(s) not to exceed \$500</p>
Internet Links	<a href="http://www.archomellc.com">www.archomellc.com</a>

Mortgage Insurance Premiums			
Upfront MIP for ALL: 1.75%			
Annual MIP for Loan Amount Less than or equal to \$726,200.			
Greater than 15 year terms		15 year or less terms	
LTV	Annual	LTV	Annual
> 95.00%	0.55%	> 90.00%	0.40%
<= 95.00%	0.50%	<= 90.00%	0.15%
Annual MIP for loan amounts greater than \$726,500.			
Greater than 15 year terms		15 year or less terms	
LTV	Annual	LTV	Annual
> 95.00%	0.75%	> 90.00%	0.65%
<= 95.00%	0.70%	78.01 - 90.00%	0.40%
		<= 78.00%	0.15%
<ul style="list-style-type: none"> <li>• For all mortgages regardless of their amortization terms, any mortgage involving an original principal obligation (excluding financed Up-Front MIP (UFMIP)) less than or equal to 90 percent LTV, the annual MIP will be assessed until the end of the mortgage term or for the first 11 years of the mortgage term, whichever occurs first.</li> <li>• For any mortgage involving an original principal obligation (excluding financed UFMIP) with an LTV greater than 90 percent, FHA will assess the annual MIP until the end of the mortgage term or for the first 30 years of the term, whichever occurs first.</li> </ul>			
Annual MIP is determined by multiplying the base loan amount by the appropriate Annual Premium factor			

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Since the Annual MIP is collected in monthly installments, divide the resulting number by 12 to obtain the monthly premium. This figure is included in the proposed monthly housing expense and qualifying ratios.

<b>For Streamline Refinance of previous Mortgage endorsed on or before May 31, 2009</b> <b>UFMIP: 1(bps) (.01%) All Mortgages</b> <b>Annual MIP</b> <b>All Mortgage Terms</b>			
<b>Base Loan Amount</b>	<b>LTV</b>	<b>MIP (bps)</b>	<b>Duration</b>
All	≤ 90.00%	55	11 years
	> 90.00%	55	Mortgage Term