

Arc Home
Wholesale Fixed-Rate VA IRRRL
Non-Credit Qualifying - With FICO
Standard and High Balance

Product Description	Product Name		Allowable Amortization Terms
	15 Year Fixed Rate VA IRRRL - With FICO		10 to 15 years, increments of 12 months
	30 Year Fixed Rate VA IRRRL - With FICO		16 to 30 years, increments of 12 months
	15 Year Fixed Rate VA High Balance IRRRL, With FICO		10 to 15 years, increments of 12 months
	30 Year Fixed Rate VA High Balance IRRRL, With FICO		16 to 30 years, increments of 12 months
Qualifying Rate & Ratios	Qualify at note rate		
Types of Financing	<ul style="list-style-type: none"> Rate and Term Refi of existing VA Mortgage 		
Funding Fee	<ul style="list-style-type: none"> .50% 		
VA Standard/High Balance Loan Limits	<ul style="list-style-type: none"> For Standard VA loan amounts, the base loan amount cannot exceed the FHFA baseline conforming limit, not to exceed a loan amount of \$1,000,000. The base loan amount may exceed the FHFA High-Cost Area limit up to a maximum of \$1,000,000 base loan amount if the borrower meets entitlement requirements. Minimum loan amount of \$50,000 		
General Seasoning Requirements	<p>The Note Date of the new loan must be:</p> <ol style="list-style-type: none"> 210 days after the First Payment Due Date of the Note being refinanced <p>AND</p> <ol style="list-style-type: none"> Six consecutive payments must have been made on the loan being refinanced. 		
LTV/FICO/Payment History Requirements	Loan Amount	Credit Score/Payment History Requirement	Maximum LTV/CLTV¹
	< \$500K	Minimum FICO of 600	120%
	\$500K - \$1M	Minimum FICO of 620	100%
¹ The loan's LTV & CLTV must be based on the valuation methods described in the Appraisal Requirements section of this guide. If discount points are used, appraisal requirements listed in Net Tangible Benefit Requirements section below, apply. LTV & CLTV cannot be based on the Borrower's own estimate of the property.			
Fee Recoupment	<ul style="list-style-type: none"> For an IRRRL that results in a lower monthly principal and interest (PI) payment, the recoupment period of fees, closing costs, and expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729)), incurred by the Veteran, does not exceed 36 months from the date of the loan closing. For an IRRRL that results in the same or higher monthly PI payment, the Veteran has incurred no fees, closing costs, or expenses (other than taxes, amounts held in escrow, and fees paid under chapter 37 (e.g., VA funding fee collected under 38 U.S.C. § 3729)). 		
Underwriting	<ul style="list-style-type: none"> VA's IRRRL program with a FICO Manually Underwritten Loans should not be submitted to an AUS Loan must meet Safe Harbor QM requirements as noted within VA circular 26-16-03 Exhibit A 		

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	<ul style="list-style-type: none"> • Unless noted otherwise in this matrix, VA Pamphlet 26-7, Revised Chapter 6: <i>Refinancing Loans</i> applies • 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"> ○ Possession of cannabis or cannabis seeds ○ Processing ○ Growing ○ Harvesting/Cultivation ○ Testing ○ Packaging/Delivery ○ Wholesale or Retail sales
Net Tangible Benefit	<p>A Net Tangible Benefit to the Veteran must be realized that, at minimum, satisfies the following:</p> <ul style="list-style-type: none"> • For refinance of a fixed rate loan to a new fixed rate loan, the new loan must have an interest rate that is at least 50 basis points (0.50 in interest rate) less than the previous loan • For refinance of a fixed rate loan to an adjustable rate loan, the new loan must have an interest rate that is at least 200 basis points (2.00 less in interest rate) less than the previous loan • For Fixed to ARM refinances, discount points may be added to the principal loan amount of the refinancing loan only if one of the following circumstances exist: <ul style="list-style-type: none"> ○ The lower interest rate is not produced solely from discount points. In other words, the interest rate environment is such that some portion of the lower interest rate on the refinancing loan is the result of favorable changes in the market as compared to the Veteran's current rate. ○ The lower interest rate is produced solely from discount points (i.e., the interest rate environment is such that a lower interest rate cannot be achieved without charging discount points); discount points equal to or less than one discount point are added to the loan amount, and; the resulting loan balance after any fees and expenses maintains a loan-to-value (LTV) ratio of 100 percent or less. ○ The lower interest rate is produced solely from discount points (i.e., the interest rate environment is such that a lower interest rate cannot be achieved without charging discount points); more than one discount point is added to the loan amount, and; the resulting loan balance after any fees and expenses maintains an LTV ratio of 90 percent or less. As a reminder, while the Veteran may pay any reasonable amount of discount points in cash, no more than two discount points can be included in the loan amount of an IRRRL. <p>The LTV requirements noted above must be verified by one of the following (depending on property type):</p> <ol style="list-style-type: none"> 1. Exterior-Only Inspection Residential Appraisal Report (Fannie Mae 2055) 2. Uniform Residential Appraisal Report (Fannie Mae 1004) 3. Exterior-only Inspection Individual Condominium Appraisal Report (Fannie Mae 1075) 4. Individual Condominium Unit Appraisal Report (Fannie 1073)

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	<p>5. Other industry accepted appraisal reports for manufactured homes and multi-unit homes</p> <p>The cost of the appraisal must be included in the cost to recoup.</p>
Secondary Financing	<ul style="list-style-type: none"> • No new subordinate financing allowed. • Existing subordinate financing may remain, but must be subordinated to the new IRRRL. • No other liens, except the existing VA loan, may be paid off from the IRRRL proceeds. • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program) unless the lien will subordinate (via a subordination agreement where the lien is no longer part of the property taxes that can take first lien priority) and meets all Agency requirements
Occupancy	<ul style="list-style-type: none"> • Principal Residences • Second Residences: <ul style="list-style-type: none"> ○ The servicing rights to the loan being refinanced must be owned by Arc Home. ○ Must be one-unit property. ○ The loan file must contain documentation that the veteran previously occupied the subject property as their principal residence at one point in time. • Investment Properties: <ul style="list-style-type: none"> ○ The servicing rights to the loan being refinanced must be owned by Arc Home. ○ The loan file must contain documentation that the veteran previously occupied the subject property as their principal residence at one point in time.
Geographic Locations	<ul style="list-style-type: none"> • Arc Home cannot lend in Hawaii and Missouri
Assumptions	<ul style="list-style-type: none"> • N/A
Escrow Waivers	<ul style="list-style-type: none"> • Taxes and Homeowners Insurance must be escrowed
Prepayment Penalty	<ul style="list-style-type: none"> • None
Borrower Eligibility	<ul style="list-style-type: none"> • Generally, the parties obligated on the original VA loan must be the same parties on the new loan and the veteran must still own the property. • The veteran or the spouse of an active service member must certify that he or she previously occupied the property as his or her home. • ITIN (Individual Tax Payer Identification Numbers) are not allowed • Maximum of four borrowers allowed per loan • If a borrower is being removed (when allowed by VA, usually due to death or divorce, see section below), the underwriter must certify that the lower payment and interest rate, and the minimum 25 percent guaranty compensate for no re-underwriting on the new loan. • Co-signers are not allowed, anyone who signs the Note must be on all documents and take title on the loan • Borrower must take title in individual names, no trusts, etc. allowed • Fractional title is not allowed, owners must have equal ownership • Only eligible borrowers who sign the Note may take title to the property at closing. The only exception is the veteran's legal spouse.

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	<ul style="list-style-type: none">Life estates are not eligible for financing. A life estate is an estate whose duration is limited to the life of the party holding it, or some other person, upon whose death the right reverts to the grantor or his heirsRegistered Domestic Partners are not recognized by VA.The borrower must permanently reside in the United States. Adequate documentation must be provided to substantiate such residency in the U.S.Adding or removing borrowers on the loan is allowed as acceptable to VA. Underwriter discretion for the new transaction should be used when removing a borrower to ensure the remaining borrower has been able to handle the payments successfully.VA indicates that generally, the parties obligated on the original loan must be the same on the new loan (and the veteran must still own the property). VA can advise via the local RLC regarding a proposed IRRRL involving a change in obligors unless the acceptability of the IRRRL is clear. The following scenarios addressed by VA: <table><tr><th>Parties Obligated on Old VA Loan</th><th>Parties to be Obligated on new IRRRL</th><th>Is IRRRL Possible?</th></tr><tr><td>Unmarried veteran</td><td>Veteran and new spouse</td><td>Yes</td></tr><tr><td>Veteran and spouse</td><td>Divorced veteran alone</td><td>Yes</td></tr><tr><td>Veteran and spouse</td><td>Veteran and different spouse</td><td>Yes</td></tr><tr><td>Veteran alone</td><td>Different veteran who has substituted entitlement</td><td>Yes</td></tr><tr><td>Veteran and spouse</td><td>Spouse alone (veteran died)</td><td>Yes</td></tr><tr><td>Veteran and nonveteran joint loan obligors</td><td>Veteran alone</td><td>Yes</td></tr><tr><td>Veteran and spouse</td><td>Divorced spouse alone</td><td>No</td></tr><tr><td>Unmarried veteran</td><td>Spouse alone (veteran died)</td><td>No</td></tr><tr><td>Veteran and spouse</td><td>Different spouse alone (veteran died)</td><td>No</td></tr><tr><td>Veteran and nonveteran joint loan obligors</td><td>Nonveteran alone</td><td>No</td></tr></table>	Parties Obligated on Old VA Loan	Parties to be Obligated on new IRRRL	Is IRRRL Possible?	Unmarried veteran	Veteran and new spouse	Yes	Veteran and spouse	Divorced veteran alone	Yes	Veteran and spouse	Veteran and different spouse	Yes	Veteran alone	Different veteran who has substituted entitlement	Yes	Veteran and spouse	Spouse alone (veteran died)	Yes	Veteran and nonveteran joint loan obligors	Veteran alone	Yes	Veteran and spouse	Divorced spouse alone	No	Unmarried veteran	Spouse alone (veteran died)	No	Veteran and spouse	Different spouse alone (veteran died)	No	Veteran and nonveteran joint loan obligors	Nonveteran alone	No
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Co-Borrower	<ul style="list-style-type: none">Non-occupying co-borrowers / co-signers are not allowed																																	
Employment / Income	<ul style="list-style-type: none">No income documentation required as long as the Dodd-Frank Act conditions are met. Refer to VA Circular 26-16-03 Exhibit A.Evidence of Borrower's ability to repay loan may be required at Underwriter's discretion.A fully executed 4506-C is required for all loansTax transcripts will be required when determined by the Underwriter																																	
Credit Requirements	<ul style="list-style-type: none">See LTV/FICO/Payment History Requirements section above.																																	
Mortgage History	<ul style="list-style-type: none">The loan being refinanced must be current and meet any pay history requirements in the LTV/FICO/Payment History Requirements section above.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.																																	
Assets	N/A																																	

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Limitations of Other R.E. Owned	N/A						
Property Types	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • Single Family Residence • 1-4 Units • PUDs • Condos • Manufactured Homes <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • Co-Op's • Condo Hotels • Timeshares • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program) unless the lien will subordinate (via a subordination agreement where the lien is no longer part of the property taxes that can take first lien priority) and meets all Agency requirements • Community Land Trust 						
Appraisal Requirements	<ul style="list-style-type: none"> • If Loan Amount < \$500K, an AVM is required to support value. If the loan amount exceeds 110% of the AVM, the Appraisal Requirement grid below applies. • If Loan amount ≥ \$500K, the Appraisal Requirement grid below applies. <table border="1"> <thead> <tr> <th>Units</th><th>Appraisal Requirement</th></tr> </thead> <tbody> <tr> <td>1</td><td>conventional 2055 exterior appraisal</td></tr> <tr> <td>2-4</td><td>1025 appraisal</td></tr> </tbody> </table>	Units	Appraisal Requirement	1	conventional 2055 exterior appraisal	2-4	1025 appraisal
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Cash Back	<ul style="list-style-type: none"> • No cash back to the borrower is permitted. Minor adjustments at closing not to exceed \$500.00 cash back is eligible. • Principal reductions at closing are permitted to a maximum of 1% of the loan amount if a lender credit exceeds actual 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. 						
Internet Links	www.archomellc.com						