

Arc Home
Wholesale Freddie Mac Conforming ARM

Product Description	Product Name		Amortization Terms
	5/6 mos SOFR ARM FHLMC Conventional		30 Years
	7/6 mos SOFR ARM FHLMC 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 – Greater of Note Rate or Fully Indexed 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 Freddie Mac Selling Guide, Chapter 4301.7 for full details		
Maximum Loan Amount	Maximum loan limits vary by county. The base loan amount cannot exceed the FHFA baseline conforming limit .		
LTV Limitations	Primary Residence		
	LTV Limitations	# of Units	LTV/CLTV/HCLTV
	Purchase and Limited Cash Out Refinance	1	95%/95%/95%
		2	85%/85%85%
		3-4	80%/80%/80%
	Cash Out Refinance	1	80%/80%/80%
		2-4	75%/75%/75%
	Second Home		
	LTV Limitations	# of Units	LTV/CLTV/HCLTV

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	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/HCLTV
	Purchase and Limited Cash Out Refinance	1	85%/85%/85%
		2-4	75%/75%/75%
	Cash Out Refinance	1	75%/75%/75%
		2-4	70%/70%/70%
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 • Freddie Mac warrantable condominiums Ineligible Property Types <ul style="list-style-type: none"> • Manufactured Homes • Co-op's • Condo Hotels • Timeshares • Properties in C5 or C6 condition 		
Occupancy	<ul style="list-style-type: none"> • Primary Residence • 2nd 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"> • All loans must score Accept on Loan Product Advisor • Manual underwrites are not permitted 		
Borrower Eligibility	<ul style="list-style-type: none"> • See Freddie Mac Seller Guide Topic 5100 		
Income	<ul style="list-style-type: none"> • As determined by Loan Product Advisor • 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 Freddie Mac Seller/Service Guide Chapter 5303.2(e), Option 1 must be utilized. 		

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Credit	<ul style="list-style-type: none"> • Non-traditional credit is not permitted • All Borrowers must have a FICO score
Assets	<ul style="list-style-type: none"> • As determined Loan Product Advisor
Mortgage Insurance	<ul style="list-style-type: none"> • Standard mortgage insurance coverage is required, follow AUS 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"> • See Freddie Mac Seller Guide Topic 4201.14, 4201.15 and 4201.16
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 Loan Product Advisor
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