USDA Fixed Rate Standard & High Balance

Standard and High Balance Fixed Rate LTV Matrix						
Occupancy	**Purpose**	**Maximum Loan Amount**	**Units**	**Maximum LTV/(H)CLTV[1]**	**Minimum FICO**	**Maximum DTI**
Primary Residence	Purchase	High Balance	1	100%	620	Per GUS Manual: 29/41[2]
	Refinance	High Balance	1	100%		

LTV Matrix Footnotes

1. Max LTV/CLTV may be exceeded when financing the Guarantee Fee, however max loan amount may NOT be exceeded.
2. For manual underwrites, PITI ratio of 29%and total debt ratio of 41% applies unless requirements for debt ratio waivers and compensating factor requirements in USDA HB-1-3555 guide, Chapter 11 are met.

Product Details	
General Guidelines	• Loans are made available per the terms and guidelines detailed in the USDA HB-1-3555 Single Family Housing Guaranteed Loan Program • Arc Home reserves the right for final decision on any guidelines not addressed
Appraiser Requirements	Appraisers and Appraisal Reports must meet guidelines in Chapter 12 of USDA HB-1-3555 guide
Assets	Borrower(s) must meet asset requirements as defined in Attachment 9-A of Chapter 9 in Single-Family Housing Guaranteed Loan Program Handbook
Borrower Eligibility	Borrower(s) must satisfy requirement from Chapter 8 of USDA HB-1-3555 guide
Credit	• All guidelines from USDA HB-1-3555, Chapter 10, must be met. • If a credit report is used, a tri-merged in file credit report from all three repositories is required. The credit report must include trended credit data. • Non-traditional credit is acceptable per USDA guidelines. • 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.
Escrow Holdbacks	Approval is required for all repair escrows and eligibility is subject to Arc Home discretion.
Escrow Waivers	• Taxes and Homeowners Insurance must be escrowed.
Geographic Locations	• Arc Home cannot lend in Hawaii
Guarantee Fee	• Up-front Guarantee Fee: 1.0% • The Upfront Loan Guarantee Fee may be fully or partially financed into the loan amount. It may also be paid in full at closing from the Borrower's assets. • Annual Fee: .35% (of the outstanding principal balance) • The Annual Fee will be paid as part of the monthly mortgage payment. • The Upfront and Annual Fees may be calculated with the Guarantee Fee Calculator on the USDA LINC Training and Resource Library in the Loan Origination section under Documentation and Resource.
HPML/HPCT	• HPML loans are eligible.

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Income	• Loan must meet all guidelines from Chapter 9 of the USDA HB-1-3555 guide
	• Household income must meet eligibility requirements for Single Family Housing Guaranteed Loans as determined by the USDA Income Eligibility Tool
	• A fully executed 4506-C is required for all loans
	• Tax transcripts will be required when determined by the Underwriter
	• Verbal Verification of Employment is required for all borrowers using salaried income to qualify and must be completed within 10 business days prior to the note date. Verbal Verification of Employment is required for all borrowers using self-employed income to qualify and must be completed within 30 calendar days prior to the note date.
	• Federal law restricts marijuana related activities and therefore the income and assets from these sources are not allowed for qualifying. Related activities include:
	  ○ Possession of cannabis or cannabis seeds
	  ○ Processing
	  ○ Growing
	  ○ Harvesting/Cultivation
	  ○ Testing
	  ○ Packaging/Delivery
	  ○ Wholesale or Retail Sales

Limitations on Other R.E Owned	Borrowers may own one single family housing unit other than the subject property, as well as meet requirements in Chapter 8 of the USDA HB-1-3555 guide
Maximum Loan Amount	**USDA Standard:** • Minimum loan amount: $50,000 • Maximum loan amount: The base loan amount cannot exceed the FHFA baseline conforming limit. **USDA High Balance:** • Minimum loan amount: The FHFA baseline conforming limit + $1. • Maximum loan amount: The FHFA baseline High Balance limit. Determined by guidelines detailed in Chapter 7 of the USDA HB-1- 3555 guide
Occupancy	Primary Residency only
Prepayment Penalty	Not allowed
Property Types	In addition to the eligible property types below, all properties must meet guidelines in Chapters 12 and Chapter 13, of the USDA HB-1-3555 guide. **General Eligible Property Types** • Single, One-Unit Dwelling • Condominiums – Must meet Fannie Mae or Freddie Mac Project requirements or be on HUD or VA approved condo listing • Modular Homes • Leasehold properties meeting USDA guidelines **Ineligible Property Types** • 2-4 units • Manufactured Homes • Community Land Trust • Property primarily used for income producing purposes • Properties in C5 or C6 condition Property Eligibility may be determined with a property address by using the USDA Property Eligibility Tool
Qualifying Rate	Qualify at Note Rate
Ratios	• For GUS Accept loans, the DTI is deemed acceptable.

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<table>
<tr><td></td><td>• For manual underwrites, ratios of 29/41 apply unless requirements for debt ratio waivers and compensating factor requirements in USDA HB-1-3555 guide, Chapter 11 are met.</td></tr>
<tr><td>Secondary Financing</td><td>• Not permitted other than the subordination of subsidy recapture on refinance transactions.</td></tr>
<tr><td>Tax Transcripts</td><td>• A fully executed 4506-C is required on all loans.
• USDA requires tax transcripts prior to loan closing to verify adult household income. USDA allows the loan to close without tax transcripts if they can document their correspondence to and from the IRS in the file to support the omission. Asset statements must be reviewed to ensure no errant deposits are identified that may be attributed to additional income sources. The loan file will be considered complete when the explanation is documented. Loan closings will not be delayed due to obstacles in obtaining the tax transcripts when the tax returns were filed timely. However, a “failure to file” tax returns by a borrower, when legally required to do so and by the due date established by the IRS, is not an eligible explanation to forego obtaining tax transcripts.
• Refer to Arc Home’s Tax Transcript Policy.</td></tr>
<tr><td>Temporary Buydowns</td><td>• Not allowed</td></tr>
<tr><td>Transaction Types</td><td>• Purchase of a new or existing home
• Refinance of existing USDA loan
• “Take-Out” loans for construction and renovation are not permitted
• Transaction details are available in Chapter 6 of USDA HB-1-3555 Guide</td></tr>
<tr><td>Underwriting</td><td>• The loan must meet all of the requirements of the Single-Family Housing Guaranteed Loan Program (HB – 1- 3555).
• Loans must be scored on the Guaranteed Underwriting System (GUS).
• Manual Underwrites are acceptable per USDA Guidelines.</td></tr>
<tr><td>Product Description and Terms</td><td><table><tr><th>Product Name</th><th>Amortization Terms</th></tr><tr><td>30 Year Fixed Rate USDA - Standard Balance</td><td>30 Years</td></tr><tr><td>30 Year Fixed Rate USDA - High Balance</td><td>30 Years</td></tr></table></td></tr>
<tr><td>Internet Links</td><td>www.archomellc.com</td></tr>
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