



Arc Access DSCR

This product is for business purpose loans on investment properties. Ability to repay is based solely on the income and debts associated with subject property.

LTV Matrix Fixed Rate and ARM (including IO)

Occupancy	Purpose	Units	Loan Amount Maximum	Credit Score Minimum	LTV	Minimum DSCR ³
Investment	Purchase	1 Unit	\$1,000,000	680 ²	80 ²	1.00
	Purchase and Rate/Term	1-4 Units	\$2,500,000 ²	740	70% ²	1.00
			\$2,000,000 ²	720	75% ²	
			\$2,000,000 ²	700 ²	70% ²	
			\$1,500,000	700 ²	75% ²	
			\$1,000,000	680 ²	75% ²	
			\$1,000,000	640 ²	70% (1 unit) ² 65% (2-4 unit) ²	1.25
	\$750,000	680 ²	70%	.75		
	Cash-Out ¹	1-4 Units	\$2,000,000 ²	740	70% ²	1.00
			\$1,500,000	720	70% ^{1,2}	
			\$1,000,000	700 ²	70% ^{1,2}	
			\$1,000,000	680 ²	65% ^{1,2}	

1. **Cash-Out transactions:** Maximum cash in hand of \$500,000 for LTVs > 65%; \$1MM maximum combined cash-in-hand total for all Arc Home loans, over rolling 12-month period
2. **Non-Warrantable Condos, including condotels:** 720 minimum credit score; \$1,500,000 max loan amount; 65% max LTV for Purchase and Rate/Term, 50% max LTV for Cash-Out
3. **Interest-Only loans** require DSCR ≥ 1.00

Product Specific Requirements

Amortization Type	Full Principal and Interest: <ul style="list-style-type: none"> 15 Year and 30 Year Fixed Rate 5/6 SOFR ARM, 7/6 SOFR ARM Interest Only: <ul style="list-style-type: none"> 30 Year Interest only Fixed Rate 5/6 SOFR IO ARM, 7/6 SOFR Interest only ARM
ARM Information	Caps: 2/2/5 Index: 30 Day SOFR Margin: 3.75% Floor: Margin
Appraisal Requirement	<ul style="list-style-type: none"> One appraisal is required for loan amounts ≤ \$2,000,000. Two appraisals are required for loan amounts > \$2,000,000. Form 1007 must be included with the appraisal for both Purchase and Refinance Transactions on one-unit properties. If the property is a 2-4 unit, Fannie Mae form 1025 must be utilized. Follow the Arc Selling Guide for Collateral Review requirements.
Assets/Borrower Contribution	Gift funds and gifts of equity are not permitted for down payment, closing costs or reserves. Large deposits do not need to be sourced on purchase or refinance transactions. However, if the large deposit appears to be a gift in nature, then a letter of explanation from the borrower is required to validate that the deposit is not a gift.



Attestations	<p>All DSCR loans are “Business Purpose Loans”; therefore, to be eligible for the product, the owner cannot occupy the property for more than 14 days during the coming year and all cash out proceeds must only be used for business purposes (e.g., acquisition/maintenance/improvement of rental properties). Borrowers obtaining a loan under Arc’s DSCR Program must certify that they understand that consumer protection laws applicable to consumer loans will not apply to their business purpose loan and complete the Business Purpose Affidavit.</p>
Borrower Eligibility	<p>Eligible:</p> <ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens • LLC and Corporation provided that the Vesting in the Name of an Entity requirements in the Arc Selling Guidelines are met. • First Time Investors (Borrowers who do not have a history of owning and managing rental real estate for at least 1 year in last 3 years): <ul style="list-style-type: none"> ○ Purchase and Rate Term only ○ Min 680 credit score ○ Borrower must currently own at least 1 primary or second home in the United States and either own the property free and clear or be making payments with a 0x30x12 history. Borrower may have sold their property in the most recent 6 months prior to application and currently be renting; however, they must provide proof that they either owned the property free and clear or had a 0x30x12 mortgage payment history prior to selling the property. Borrowers currently living rent free are not allowed. <p>Ineligible:</p> <ul style="list-style-type: none"> • First Time Home Buyers • Foreign Nationals • Inter-Vivos trusts • Using a Power of Attorney
Credit/Payment History Requirements	<ul style="list-style-type: none"> • No foreclosure/bankruptcy/short sale within last 48 months • All applicant(s) and co-borrowers must meet the credit score requirements individually. • Non-traditional credit is not permitted. • Payment history requirements: 0x30x12 mortgage/rental history on the subject property and all financed REOs under the borrower’s name. • All REOs under the borrower’s name must be listed in the REO Section, regardless of whether they are financed. <ul style="list-style-type: none"> ○ Documentation as to whether the property is owned free and clear or is currently financed is required. If property is owned free and clear, no additional documentation is required.
Documentation Type	<p>Doc Type must reflect “Debt Service Coverage (DSCR)”</p>
DSCR Calculation	<p>DSCR calculation:</p> <ul style="list-style-type: none"> • Full Principal and Interest loans: Gross Income divided by PITIA of the subject rental. • Interest Only loans: Gross Income divided by ITIA of the subject rental. <p>Gross Income for qualifying will be the lesser of:</p> <ul style="list-style-type: none"> • the executed 12-month lease agreement (or average 12-month documented short term rental income on a refinance transaction) or • the market rent from Comparable Rent Schedule Form 1007 or 1025. <p>DSCRs down to 0.75 are eligible, see LTV matrix for eligibility details. If DSCR exceeds 2.0, the rental income must be documented with two separate sources of rental income for the subject property (ie – 1007, copy of current lease, online rental listing, etc.). The lower of the two rental figures must be used for qualifying income.</p>
DSCR Documentation	<p>For purchase transactions:</p> <ul style="list-style-type: none"> • Long-Term Rental Income: Provide a long-term Comparable Rent Schedule Form 1007 or 1025 and either:

	<ul style="list-style-type: none"> ○ An executed 12-month lease agreement that will commence within 60 days after the note date and proof of receipt of security deposit. When the property has a current tenant who will continue to occupy the property, the transferred lease agreement from the existing tenant/landlord is required. If the transferred lease agreement has less than 30 days remaining, then a new executed 12-month lease agreement is required. ○ If a lease that will commence within 60 days after the note date is not available, then rent loss coverage (such as Loss of Use Dwelling D on a Landlord's policy) equal to 12 months of the market rent per the 1007 must be obtained. ● Short-Term Rental Income: Not allowed on purchase transactions. <p>For all refinance transactions:</p> <ul style="list-style-type: none"> ● Long-Term Rental Income: Provide a long-term Comparable Rent Schedule Form 1007 or 1025 and either: <ul style="list-style-type: none"> ○ An executed 12-month lease agreement. <ul style="list-style-type: none"> ▪ If a new lease agreement has been executed, it must commence within 60 days after the note date and proof of receipt of security deposit is required. ▪ If the executed lease agreement is less than a 12-month lease, follow the below Short-term rental income requirements. ○ If an executed lease agreement is not available, then rent loss coverage (such as Loss of Use Dwelling D on a Landlord's policy) equal to 12 months of the market rent per the 1007 must be obtained and a 10% LTV reduction from the program max that the borrower qualifies for is required. ● Short-Term Rental Income: Provide a nightly, weekly, monthly, seasonal, or long term (as applicable per income being used and as available per market) Comparable Rent Schedule Form 1007 or 1025 and either: <ul style="list-style-type: none"> ○ Less than a 12-month lease agreement: Either a 12-month rental payment history must be documented OR the LTV must be reduced by 10% from the program max that the borrower qualifies for. <ul style="list-style-type: none"> ▪ A 12-month rental payment history is not required for lease agreements that were initially 12 months and have rolled to a shorter-term lease. ○ Short-term renting entity (such as AirBNB/VRBO): In lieu of a lease agreement, remittance statements from the renting entity covering the most recent 12-month period. The payout amount must be used for qualifying. Refer to the Arc Selling Guide for more details. <p>Accessory Dwelling Unit (ADU) Income: Long-Term Rental income from permitted Accessory Dwelling Unit may be included in the gross rental income per the Long-Term documentation requirements above. Security deposits that have been drawn by the landlord in lieu of one or more rental payments will not qualify as monthly rental payment. Follow Fannie Mae for all appraisal requirements.</p>
Impound/Escrow Accounts	Escrow funds/impound accounts may be waived for taxes and hazard insurance in accordance with the Arc Selling Guide.
Lien Position	First
Minimum Loan Amount	<ul style="list-style-type: none"> ● Minimum \$200,000 for LTV > 75% ● Minimum \$100,000 for LTV <= 75%
Number of Financed Properties	<ul style="list-style-type: none"> ● A single borrower can have no more than 20 financed properties including subject property. All properties in which the borrower is personally obligated must be included in the financed property maximum. ● For Arc Elite, Arc Access, Conventional Investment Property and FNMA/FHLMC Second Home-Investment Property Products, each borrower may not exceed either an aggregate unpaid principal balance amount of \$5MM or 10 loans (including the subject property) financed with Arc Home Loans.
Occupancy	Investment only
Prepayment Penalty	May be subject to up to a five-year prepayment penalty or the maximum permitted by state law, whichever is lower.



Property Types	<p>Eligible:</p> <ul style="list-style-type: none"> • 1-4 unit (Detached, Semi Detached, Attached) • PUD (Detached, Attached) • Warrantable Condominium (Detached, Attached) • Non-Warrantable Condominiums, including condotels. Refer to the Arc Selling Guide for details. <p>Ineligible:</p> <ul style="list-style-type: none"> • Rural Properties • Refer to the Arc Selling Guide for ineligible property types.
Reserve Requirements	<p>Reserve requirements are based on the PITIA of the subject property.</p> <ul style="list-style-type: none"> • Loan amount ≤ \$1,500,000: 6 months minimum reserves • Loan amount > \$1,500,000: 9 months minimum reserves
Secondary Financing	Not allowed
State Licensing Requirements	<p>Brokers, and the LO's authorized to represent those brokers, may originate DSCR (business purpose) loans for properties that are in the Permitted States below without a license as long as they are currently approved and active in at least one other state, as reflected in NMLS, as a Broker and Loan Officer respectively. For example, a Broker and LO licensed in California may originate a DSCR loan in Florida even if they aren't licensed as an LO in Florida. The same logic would be applicable to loan originators selling loans to Arc on either a non-delegated or delegated correspondent basis.</p> <p>Permitted states: CO, CT, FL, MD, TX, VA, WA</p>
Tax Transcripts	A signed 4506-C and IRS Tax Transcripts are not required during the loan process.
Transaction Types	<p>Eligible:</p> <ul style="list-style-type: none"> • Purchase • Rate Term Refinance • Cash Out Refinance <p>Ineligible:</p> <ul style="list-style-type: none"> • Delayed Financing • Texas 50(a)(6) Rate Term and Cash Out refinances
Underwriting	Manual underwriting required. AUS not allowed. Refer to the Arc Selling Guide for complete program requirements.

Product Names

Full Principal and Interest Options	Interest Only Options
15 YR FIXED ACCESS DSCR	30 YR FIXED IO ACCESS DSCR
30 YR FIXED ACCESS DSCR	5/6m SOFR ARM IO ACCESS DSCR
5/6m SOFR ARM ACCESS DSCR	7/6m SOFR ARM IO ACCESS DSCR
7/6m SOFR ARM ACCESS DSCR	30 YR FIXED IO ACCESS DSCR - 1 YR PREPAY PENALTY TERM
15 YR FIXED ACCESS DSCR - 1 YR PREPAY PENALTY TERM	5/6m SOFR ARM IO ACCESS DSCR - 1 YR PREPAY PENALTY TERM
30 YR FIXED ACCESS DSCR - 1 YR PREPAY PENALTY TERM	7/6m SOFR ARM IO ACCESS DSCR - 1 YR PREPAY PENALTY TERM
5/6m SOFR ARM ACCESS DSCR - 1 YR PREPAY PENALTY TERM	30 YR FIXED IO ACCESS DSCR - 2 YR PREPAY PENALTY TERM
7/6m SOFR ARM ACCESS DSCR - 1 YR PREPAY PENALTY TERM	5/6m SOFR ARM IO ACCESS DSCR - 2 YR PREPAY PENALTY TERM
15 YR FIXED ACCESS DSCR - 2 YR PREPAY PENALTY TERM	7/6m SOFR ARM IO ACCESS DSCR - 2 YR PREPAY PENALTY TERM
30 YR FIXED ACCESS DSCR - 2 YR PREPAY PENALTY TERM	30 YR FIXED IO ACCESS DSCR - 3 YR PREPAY PENALTY TERM
5/6m SOFR ARM ACCESS DSCR - 2 YR PREPAY PENALTY TERM	5/6m SOFR ARM IO ACCESS DSCR - 3 YR PREPAY PENALTY TERM
7/6m SOFR ARM ACCESS DSCR - 2 YR PREPAY PENALTY TERM	7/6m SOFR ARM IO ACCESS DSCR - 3 YR PREPAY PENALTY TERM
15 YR FIXED ACCESS DSCR - 3 YR PREPAY PENALTY TERM	30 YR FIXED IO ACCESS DSCR - 4 YR PREPAY PENALTY TERM
30 YR FIXED ACCESS DSCR - 3 YR PREPAY PENALTY TERM	5/6m SOFR ARM IO ACCESS DSCR - 4 YR PREPAY PENALTY TERM
5/6m SOFR ARM ACCESS DSCR - 3 YR PREPAY PENALTY TERM	7/6m SOFR ARM IO ACCESS DSCR - 4 YR PREPAY PENALTY TERM
7/6m SOFR ARM ACCESS DSCR - 3 YR PREPAY PENALTY TERM	30 YR FIXED IO ACCESS DSCR - 5 YR PREPAY PENALTY TERM
15 YR FIXED ACCESS DSCR - 4 YR PREPAY PENALTY TERM	5/6m SOFR ARM IO ACCESS DSCR - 5 YR PREPAY PENALTY TERM
30 YR FIXED ACCESS DSCR - 4 YR PREPAY PENALTY TERM	7/6m SOFR ARM IO ACCESS DSCR - 5 YR PREPAY PENALTY TERM
5/6m SOFR ARM ACCESS DSCR - 4 YR PREPAY PENALTY TERM	



7/6m SOFR ARM ACCESS DSCR - 4 YR PREPAY PENALTY TERM 15 YR FIXED ACCESS DSCR - 5 YR PREPAY PENALTY TERM 30 YR FIXED ACCESS DSCR - 5 YR PREPAY PENALTY TERM 5/6m SOFR ARM ACCESS DSCR - 5 YR PREPAY PENALTY TERM 7/6m SOFR ARM ACCESS DSCR - 5 YR PREPAY PENALTY TERM	
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