

## Wholesale Arc Home Conventional 30-Year Fixed Investment Property Product

Minimum/ Maximum Loan Amount	<ul style="list-style-type: none"> <li>Minimum Loan amount of \$100k</li> <li>Maximum Loan amount of \$2MM</li> <li>Maximum 65% LTV for loan amounts &lt; \$150k</li> <li>Maximum conforming loan limits vary by county. For conforming loan amounts, the base loan amount cannot exceed the <a href="#">FHFA conforming limit</a>.</li> </ul>
------------------------------------	--

LTV/FICO Requirements Conforming Loan Amounts	<b>Purchase and Rate-Term Refinance</b>			
	<b>FICO</b>	<b>Max LTV/CLTV/HCLTV 1-Unit</b>	<b>Max LTV/CLTV/HCLTV 2-4 Unit</b>	<b>Condo Max LTV</b>
	740	85%	75%	75%
	700	80%	75%	75%
	680	75%	75%	75%
	660	70%	70%	70%
	640	60%	60%	60%
	<b>Cash-Out Refinance<sup>1,2</sup></b>			
	<b>FICO</b>	<b>Max LTV/CLTV/HCLTV 1-Unit</b>	<b>Max LTV/CLTV/HCLTV 2-4 Unit</b>	<b>Condo Max LTV</b>
	720	75%	70%	75%
	700	70%	70%	70%
	680	60%	60%	60%
	<sup>1</sup> \$1MM maximum combined cash-in-hand total for ALL Cash-Out refinance transactions over rolling 12-month period			

LTV/FICO Requirements Jumbo Loan Amounts	<b>Purchase and Rate-Term Refinance</b>			
	<b>FICO</b>	<b>Max LTV/CLTV/HCLTV 1-Unit</b>	<b>Max LTV/CLTV/HCLTV 2-4 Unit</b>	<b>Condo Max LTV</b>
	740	80%	70%	70%
	700	75%	70%	70%
	680	70%	70%	70%
	660	65%	65%	65%
	640	55%	55%	55%
	<b>Cash-Out Refinance<sup>1,2</sup></b>			
	<b>FICO</b>	<b>Max LTV/CLTV/HCLTV 1-Unit</b>	<b>Max LTV/CLTV/HCLTV 2-4 Unit</b>	<b>Condo Max LTV</b>
	720	75%	65%	70%
	700	65%	65%	65%
	680	55%	60%	55%
	<sup>1</sup> \$1MM maximum combined cash-in-hand total for ALL Cash-Out refinance transactions over rolling 12-month period. All cash-in-hand proceeds from cash-out refinance must be wired to a U.S. bank account. <sup>2</sup> Delayed Financing Transactions are limited to three (3) per Borrower			



Income/ Reserve Requirements	<ol style="list-style-type: none"> <li>Income must be fully documented per <a href="#">Fannie Mae</a> or <a href="#">Freddie Mac</a> guidelines per the applicable AUS</li> <li>Reserve requirements are the greater of AUS requirements or requirements in the chart below <table border="1" data-bbox="412 321 1484 426"> <thead> <tr> <th data-bbox="412 321 1037 359">Loan Amount</th> <th data-bbox="1037 321 1484 359">Required Reserves</th> </tr> </thead> <tbody> <tr> <td data-bbox="412 359 1037 390">Loan Amount &lt;= Conforming Loan Limits</td> <td data-bbox="1037 359 1484 390">AUS Requirements</td> </tr> <tr> <td data-bbox="412 390 1037 426">Loan Amount &gt; Conforming Loan Limits</td> <td data-bbox="1037 390 1484 426">6 Months</td> </tr> </tbody> </table> </li> </ol>	Loan Amount	Required Reserves	Loan Amount <= Conforming Loan Limits	AUS Requirements	Loan Amount > Conforming Loan Limits	6 Months
Loan Amount	Required Reserves						
Loan Amount <= Conforming Loan Limits	AUS Requirements						
Loan Amount > Conforming Loan Limits	6 Months						
APR-APOR Spread Requirement	Loans must be originated to meet definition of a Safe Harbor or Rebuttable Presumption Mortgage Loan under the Qualified Mortgage Rule and may not have an APR-APOR spread of greater than 2.25 (or 3.5% in the case of loan balance below \$110,260 (as periodically adjusted). In the case of Investment Properties under this program, Arc may consider whether the loan may be eligible for sale as an ATR Exempt loan as defined under applicable legal and agency requirements.						
Eligible Property Types	<ul style="list-style-type: none"> <li>1-4 Unit Single Family Residence (attached/detached)</li> <li>Planned Unit Development (PUD)</li> <li><a href="#">Fannie Mae Warrantable</a> Condo</li> <li>Properties classified as Rural per appraisal – Property with 10.00 acres or less; cannot be zoned as agricultural or provide a source of income to the borrower and per the appraisal must be the highest and best use” for the property; max 65% LTV</li> <li>Properties with unpermitted additions must meet <a href="#">Fannie Mae guidelines</a> or <a href="#">Freddie Mac guidelines</a>, depending on AUS used, in order to be eligible</li> </ul>						
Ineligible Property Types	<ul style="list-style-type: none"> <li>Co-ops</li> <li>Timeshares</li> <li>Condotel</li> <li>Manufactured Home</li> <li>Full Log Cabin (with full log walls)</li> <li>Mixed Use</li> <li>Unique Properties (Modular, Earth Berm, etc.)</li> <li>Boarding House</li> <li>Assisted Living</li> <li>Vacant Land</li> <li>Hobby Farms</li> <li>Working Farms</li> <li>Properties in C5 or C6 condition</li> </ul>						
Non-Arm’s Length Transaction	<p>Non-arm’s length transactions are permitted under the following circumstances:</p> <ol style="list-style-type: none"> <li>Purchase between family members is permitted only when the following are met: <ul style="list-style-type: none"> <li>Signed and dated letter of explanation (LOE) from borrower stating relationship to seller and reason for the purchase;</li> <li>Appraiser to be advised of non-arm’s length relationship;</li> <li>Cancelled checks for Earnest Money Deposit (EMD), if applicable;</li> <li>Cannot be a foreclosure bailout; 12-month mortgage history from lending institution being paid off is to be provided to confirm it is not a foreclosure bailout.</li> </ul> </li> <li>Renters purchasing from a landlord: <ul style="list-style-type: none"> <li>Must provide 24 months cancelled checks or proof of electronic transfer; a VOR will not be acceptable.</li> </ul> </li> </ol>						

	<ul style="list-style-type: none"> <li>Cannot be a foreclosure bailout; 12-month mortgage history from lending institution being paid off is to be provided to confirm it is not a foreclosure bailout.</li> </ul>
Conflicts of Interest	<p>Conflicts of interest are not permitted. Borrowers with one or more conflicts of interest are NOT permitted. A conflict of interest exists and is prohibited when the borrower has multiple roles in the transaction. These include, but are not limited to, situations where the borrower is also:</p> <ul style="list-style-type: none"> <li>The builder;</li> <li>The loan officer on the transaction;</li> <li>Borrower representing themselves as the agent in the real estate transaction: <ul style="list-style-type: none"> <li>The commission earned cannot be used for down payment or reserve requirements.</li> </ul> </li> <li>The listing and selling agent (borrower can be the listing agent but not both);</li> <li>The owner/principal of a mortgage brokerage or correspondent lender may not originate their personal mortgage with their own company.</li> <li>Employees of mortgage brokerages or correspondent lenders originating through their employer are acceptable borrowers only under the following circumstances: <ul style="list-style-type: none"> <li>They do not act as a processor, underwriter or in any capacity in originating their loan;</li> <li>And</li> <li>The subject property is their primary residence or second home; investment properties are not permitted.</li> </ul> </li> </ul>
Geographic Restrictions	<ul style="list-style-type: none"> <li>Arc Home may not lend in Hawaii</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>NA</li> </ul>
Escrow Waivers	<ul style="list-style-type: none"> <li>Not permitted on loans with LTV's over 80%</li> <li>In California, not permitted with LTV's over 90%</li> </ul>
Prepayment Penalty	<ul style="list-style-type: none"> <li>None</li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>Must meet Fannie Mae or Freddie Mac requirements</li> <li>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.</li> <li>Borrowers in Deportation or Asylum status, including but not limited to EAD status of CO8, CO9 and C18 are not permitted</li> </ul>
Income	<ul style="list-style-type: none"> <li>As determined by AUS</li> </ul>
Credit	<ul style="list-style-type: none"> <li>Loans must score "Approve" or "Accept" on Fannie Mae's Desktop Underwriter or Freddie Mac's Loan Product Advisor. Loans may score "Ineligible" only for loan amount or, where MI would otherwise be required, for LTV. A Refer, Caution, Incomplete, Invalid or out of Scope are not allowed. No manual underwriting.</li> <li>Minimum of two FICO scores for each Borrower</li> <li>Existing mortgage or rent payments must be current at the time of origination <ul style="list-style-type: none"> <li>Minimum 12 months of housing history, up to 1x30x12 allowed</li> <li>Mortgage Verification for a Private Party Mortgage must include: <ul style="list-style-type: none"> <li>A copy of the fully executed mortgage note</li> <li>Cancelled checks or bank statements that clearly document the payment history for the most recent 12 months on the private party note</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Rental history must include cancelled checks or bank statements</li> <li>● Borrowers with history of Foreclosure or Bankruptcy must meet <a href="#">Fannie Mae</a> or <a href="#">Freddie Mac</a> guidelines per the applicable AUS.</li> <li>● Forbearance permitted only as due to Cares Act/COVID-19. Borrower(s) must be out of forbearance. Copy of the forbearance agreement required with minimum three months paid as agreed, post-forbearance.</li> </ul>
Assets	<ul style="list-style-type: none"> <li>● As determined by AUS, see Reserve Requirements above</li> </ul>
Verbal Verification of Employment	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Verbal Verification of Employment is required for all borrowers using self-employed income to qualify and must be completed within 20 Business days prior to the note date.</li> </ul>
Mortgage Insurance	<ul style="list-style-type: none"> <li>● Not required</li> </ul>
Limitations on Other R.E Owned	<ul style="list-style-type: none"> <li>● Borrowers with more than 6 financed properties must have a minimum 720 FICO score and meet AUS reserve requirements.</li> <li>● Number of financed properties cannot exceed 10.</li> <li>● See <a href="#">Fannie Mae Selling Guide Chapter B2-2-03</a> or <a href="#">Freddie Mac Seller Guide Topics 4201.4, 4201.15 and 4201.16</a> for further details.</li> </ul>
Appraiser Requirements	<ul style="list-style-type: none"> <li>● Valid state license</li> <li>● Cannot be on the Freddie Mac Exclusionary List</li> <li>● For any loans in process concurrently, the same appraiser cannot be utilized for any more than two properties owned by a Borrower, or a Borrower’s business, within a two-mile radius.</li> </ul>
Appraisal/ Valuation Requirements	<ul style="list-style-type: none"> <li>● Full appraisal is required meeting Fannie/Freddie guidelines</li> <li>● Property Inspection Waiver (PIW) &amp; Automated Collateral Evaluation (ACE) are not permitted</li> <li>● Refer to <b>Appraisal Valuation Requirements</b> for when any additional collateral review is required.</li> </ul>
Special Requirements / Restrictions	<ul style="list-style-type: none"> <li>● Escrow Holdbacks not available</li> </ul>
Internet Links	<a href="http://www.archomellc.com">www.archomellc.com</a>