

**Arc Home**  
**Wholesale FNMA/FHLMC Second Home & Investment Property Product**

Product Description	Product Name		Amortization Terms	
	FNMA/FHLMC 30 Yr Fixed Second Home		30 Years	
	FNMA/FHLMC 30 Yr Fixed Investment		30 Years	
Qualifying Rate & Ratios	<ul style="list-style-type: none"> <li>Qualify at Note Rate</li> <li>Max DTI is the lesser of Fannie Mae or Freddie Mac AUS, as applicable, or 50%</li> </ul>			
Types of Financing	<ul style="list-style-type: none"> <li>Purchase Money</li> <li>Rate and Term Refi</li> <li>Cash Out Refi</li> </ul>			
Maximum Loan Amount	<ul style="list-style-type: none"> <li>Minimum loan amount of \$100,000</li> <li>Maximum 65% LTV for Investment Property Loans &lt; \$150,000</li> <li>Maximum loan limits vary by county. The base loan amount cannot exceed the <a href="#">FHFA baseline conforming limit</a>.</li> </ul>			
LTV Limits	Second Home			
	LTV Limitations	# of Units	LTV/CLTV/HCLTV	
	Purchase and Limited Cash Out Refinance	1	80%/80%/80%	
	Cash Out Refinance <sup>1</sup>	1	75%/75%/75%	
	Investment Property			
	LTV Limitations	# of Units	LTV/CLTV/HCLTV	
	Purchase	1	80%/80%/80%	
		2-4	75%/75%/75%	
	Limited Cash-Out Refinance	1-4	75%/75%/75%	
	Cash Out Refinance <sup>1</sup>	1	75%/75%/75%	
		2-4	70%/70%/70%	
	<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			
Ability to Repay/QM	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.			
Property Types	<b>Eligible Property Types</b> <ul style="list-style-type: none"> <li>1-4 Unit Single Family Residences (SFR)</li> <li>PUDs</li> <li>Condominiums must meet requirements of Fannie Mae or Freddie Mac depending upon the AUS that is being utilized.</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> <b>Ineligible Property Types</b> <ul style="list-style-type: none"> <li>Manufactured Homes</li> <li>Co-op's</li> <li>Condo Hotels</li> <li>Timeshares</li> <li>Properties in C5 or C6 condition</li> </ul>			
Occupancy	<ul style="list-style-type: none"> <li>Second Home</li> </ul>			



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	<ul style="list-style-type: none"> <li>Investment Property</li> </ul>
Geographic Restrictions	<ul style="list-style-type: none"> <li>Arc Home cannot 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>Permitted</li> </ul>
Prepayment Penalty	<ul style="list-style-type: none"> <li>None</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>Unless noted otherwise in this matrix and the Wholesale Overlay document, loans must meet Fannie Mae/Freddie Mac guidelines</li> <li>Desktop Underwriter feedback with risk classification of Approve/Eligible or Loan Product Advisor with feedback of Accept/Eligible is required</li> <li>Manual Underwrites are not permitted</li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>Arc Home will require all Borrowers meet Fannie Mae or Freddie Mac eligibility 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> <li>For Fannie Mae loans 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 <a href="#">Fannie Mae Selling Guide B3-3.1- 09, Other Sources of Income; Employment Offers or Contracts; Option 2</a> must be followed. Loan must be delivered with Special Feature Code 707.</li> <li>For Freddie Mac loans 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 <a href="#">Freddie Mac Seller/Service Guide Chapter 5303.2(e), Option 1</a> must be utilized.</li> </ul>
Credit	<ul style="list-style-type: none"> <li>Non-Traditional Credit not permitted</li> </ul>
Assets	<ul style="list-style-type: none"> <li>As determined by AUS</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>
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> </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>
Escrow Holdbacks	<ul style="list-style-type: none"> <li>Not Permitted</li> </ul>
Internet Links	<a href="http://www.archomellc.com">www.archomellc.com</a>