



## Conventional 30-Year Investment Property Product

LTV Matrix Fixed Rate						
Occupancy	Purpose	Maximum Loan Amount	Units	Maximum LTV/HCLTV	Minimum FICO	Maximum DTI
Investment	Purchase and Rate/Term Refinance	Conforming	1 Unit	85%	740	Per DU/LPA
				80%	700	
			1-4 Unit, Condo	75%	680	
				70%	660	
				60%	640	
				60%	640	
	Cash-Out Refinance <sup>1</sup>	1 Unit, Condo	75%	720		
			70%	700		
	Purchase and Rate/Term Refinance	Jumbo	1 Unit	80%	740	
				75%	700	
			1-4 Unit, Condo	70%	680	
				65%	660	
				55%	640	
				55%	640	
Cash-Out Refinance <sup>1</sup>	1 Unit, Condo	75%	720			
		70%	720			
	1-4 Unit, Condo	65%	700			
		65%	700			
Cash-Out Refinance <sup>1</sup>	1 Unit, Condo	55%	680			
		55%	680			
Cash-Out Refinance <sup>1</sup>	2-4 Unit	60%	680			
		60%	680			
LTV Matrix Footnotes						
1. \$1MM maximum cash-in-hand						
Product Details						
<b>Appraisal/ Valuation Requirements</b>	<ul style="list-style-type: none"> <li>As determined by DU or LPA</li> <li>Appraisals must be UAD Compliant</li> <li>For SSR and appraisal review requirements, refer to Arc Home's Appraisal Valuation Requirements.</li> <li>Transferred appraisals are allowed. Refer to Arc Home's Transferred Appraisal Policy.</li> <li>Property Inspection Waiver (PIW) &amp; Automated Collateral Evaluation (ACE) are permitted with an AVM, refer to Appraisal Valuation Requirements.</li> </ul>					
<b>Appraiser Requirements</b>	<ul style="list-style-type: none"> <li>Valid state license</li> <li>Cannot be on the Freddie Mac Exclusionary List</li> </ul>					

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<b>APR-APOR Spread Requirement</b>	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.						
<b>Assets</b>	<ul style="list-style-type: none"> <li>• As determined by DU or LPA</li> <li>• Any cash-in-hand proceeds, to the Borrower, from any cash-out refinance transaction must be wired to a U.S. bank account.</li> <li>• 1031 Reverse exchanges are not allowed.</li> <li>• Reserve requirements are the greater of AUS requirements or requirements in the chart below</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Loan Amount</th> <th style="text-align: center;">Required Reserves</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Loan Amount <math>\leq</math> Conforming Loan Limits</td> <td style="text-align: center;">AUS Requirements</td> </tr> <tr> <td style="text-align: center;">Loan Amount <math>&gt;</math> Conforming Loan Limits</td> <td style="text-align: center;">6 Months</td> </tr> </tbody> </table>	Loan Amount	Required Reserves	Loan Amount $\leq$ Conforming Loan Limits	AUS Requirements	Loan Amount $>$ Conforming Loan Limits	6 Months
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Loan Amount $\leq$ Conforming Loan Limits	AUS Requirements						
Loan Amount $>$ Conforming Loan Limits	6 Months						
<b>Borrower Eligibility</b>	<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>						
<b>Conflicts of Interest</b>	<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>						
<b>Credit</b>	<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</li> </ul>						

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	<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> <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>
<b>Escrow Holdbacks</b>	Escrow Holdbacks are only permitted for Correspondent loans and must be completed by purchase/funding.
<b>Escrow Waivers</b>	<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>
<b>Geographic Restrictions</b>	<ul style="list-style-type: none"> <li>• In Missouri, Arc Home may only fund fully delegated Correspondent loans.</li> </ul>
<b>Income Requirements</b>	<ul style="list-style-type: none"> <li>• As determined by DU or LPA</li> <li>• 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> or <a href="#">Freddie Mac Selling Guide Chapter 5303.2(e), Option 1</a> must be followed.</li> <li>• Federal law restricts marijuana related activities and therefore the income and assets from these sources are not allowed for qualifying. Related activities include: <ul style="list-style-type: none"> <li>○ Possession of cannabis or cannabis seeds</li> <li>○ Processing</li> <li>○ Growing</li> <li>○ Harvesting/Cultivation</li> <li>○ Testing</li> <li>○ Packaging/Delivery</li> <li>○ Wholesale or Retail sales</li> </ul> </li> </ul>
<b>Limitations on Other R.E Owned</b>	<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>
<b>Minimum/Maximum Loan Amount</b>	<p>Conforming:</p> <ul style="list-style-type: none"> <li>• Minimum Loan amount: \$100k. Maximum 65% LTV for loan amounts &lt; \$150k</li> <li>• Maximum Loan amount: Base loan amount cannot exceed the <a href="#">FHFA conforming limit</a>.</li> </ul> <p>Jumbo:</p> <ul style="list-style-type: none"> <li>• Minimum Loan amount: <a href="#">FHFA conforming limit + \$1.</a></li> <li>• Maximum Loan amount: \$2MM</li> </ul>
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>• Not required</li> </ul>
<b>Non-Arm's Length Transaction</b>	<p>Non-arm's length transactions are permitted under the following circumstances:</p> <ol style="list-style-type: none"> <li>1. 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> </ul> </li> </ol>

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	<ul style="list-style-type: none"> <li>• Appraiser to be advised of non-arm's 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> <p>2. Renters purchasing from a landlord:</p> <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> <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>	
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Investment/Non-Owner Occupied only</li> </ul>	
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>	
<b>Property Eligibility</b>	<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>	
<b>Property Types Not Eligible</b>	<ul style="list-style-type: none"> <li>• Co-ops</li> <li>• Timeshares</li> <li>• Non-warrantable Condos and 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>	
<b>Verbal Verification of Employment</b>	<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>	
<b>Product Description and Terms</b>	<b>Product Type</b>	<b>Amortization Terms</b>
	30 Year Conforming Fixed Rate	30 Years
<b>Internet Links</b>	<a href="http://www.archomellc.com">www.archomellc.com</a>	