



## FNMA/FHLMC Second Home & Investment Property Product

LTV Matrix Fixed Rate and ARM						
Occupancy	Purpose	Maximum Loan Amount	Units	Maximum LTV/(H)CLTV	Minimum FICO	Maximum DTI
Second Home	Purchase and Rate/Term	Per DU/LPA	1 Unit	80%	Per DU/LPA	Per DU/LPA
	Cash-Out Refinance <sup>1</sup>		1 Unit	75%		
Investment	Purchase		1 Unit	80%		
	Purchase and Rate/Term		1-4 Units	75%		
	Cash-Out Refinance <sup>1</sup>		1 Unit	75%		
			2-4 Units	70%		

### 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>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 any GSE Agency Exclusionary list.</li> </ul>
<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> </ul>
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>All Borrowers must meet Fannie Mae/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>
<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> </ul>



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	<ul style="list-style-type: none"> <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; And</li> <li>○ The subject property is their second home; investment properties are not permitted.</li> </ul> </li> </ul>
<b>Credit</b>	<ul style="list-style-type: none"> <li>• A tri-merged in file credit report from all three repositories is required. The credit report must include trended credit data.</li> <li>• Acceptable credit determined by AUS.</li> <li>• Non-Traditional Credit not permitted.</li> </ul>
<b>Escrow Holdbacks</b>	<ul style="list-style-type: none"> <li>• Escrow Holdbacks are only permitted for Correspondent loans and must be completed by loan purchase/funding</li> </ul>
<b>Escrow Waivers</b>	<ul style="list-style-type: none"> <li>• Permitted</li> </ul>
<b>HPML/HPCT</b>	<p>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)).</p>
<b>Income</b>	<ul style="list-style-type: none"> <li>• As determined by AUS</li> <li>• Verbal Verification of Employment is required for all borrowers using salaried income to qualify and must be completed within <b>10 business</b> 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> <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>Maximum / Minimum Loan Amount</b>	<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 conforming limit</a>.</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Second Home</li> </ul>



## FNMA/FHLMC Second Home & Investment Property Product

	<ul style="list-style-type: none"> <li>Investment Property</li> </ul>	
<b>Prepayment Penalty</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	
<b>Property Types</b>	<p><b>Eligible Property Types</b></p> <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 on 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> <p><b>Ineligible Property Types</b></p> <ul style="list-style-type: none"> <li>Manufactured Homes</li> <li>Co-op's</li> <li>Non warrantable condos including Condotels</li> <li>Timeshares</li> <li>Properties in C5 or C6 condition</li> </ul>	
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>Unless noted otherwise in this matrix and the Correspondent 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>	
<b>Product Description and Terms</b>	<b>Product Name</b>	<b>Amortization Terms</b>
	FNMA/FHLMC 30 Yr Fixed Second Home	30 Years
	FNMA/FHLMC 30 Yr Fixed Investment	30 Years
<b>Internet Links</b>	<a href="http://www.archomellc.com">www.archomellc.com</a>	