

**Arc Home**  
**Correspondent Fannie Mae Conforming ARM**

Product Description	Product Name		Amortization Terms
	5/6 mos SOFR ARM FNMA Conventional		30 Years
	7/6 mos SOFR ARM FNMA Conventional		30 Years
	ARM Parameters		
	Index	30-day average of the Secured Overnight Financing Rate (SOFR) Index as published by the Federal Reserve Bank of New York	
	Margin	2.75%	
	Caps	5/6 mos - 2/1/5 7/6 mos – 5/1/5	
	Interest Rate Adjustment	The interest rate is fixed for the initial period and adjusts on a semi-annual basis thereafter using the Index value effective 45 calendar days before the rate adjustment date. The Interest Rate at time of adjustment is calculated as the aforementioned Index value plus the Margin, and is rounded to the nearest 1/8th of one percentage point.	
	Assumability	May be assumable after the initial fixed rate period	
Qualifying Rate & Ratios	<ul style="list-style-type: none"><li>• 5/6 mos - Greater of Note Rate + 2.00% or the Fully Index Rate</li><li>• 7/6 mos – Note Rate</li><li>• Dependent on Desktop Underwriter and MI Partner’s overlay</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<ul style="list-style-type: none"><li>◦ Arc Home will permit a maximum of three (3) delayed financing transactions per Borrower</li></ul></li><li>• For Texas primary residences, cash-out refinances are permitted under the following terms:<ul style="list-style-type: none"><li>◦ Permitted for SFD, PUD or warrantable condo</li><li>◦ Maximum 80% LTV/CLTV</li><li>◦ ANY cash-back to Borrower is considered a Cash-Out Refinance</li><li>◦ All requirements in Texas 50(a)6 legislation will apply</li><li>◦ See Chapter <a href="#">B5-4.1 of Fannie Mae Selling Guide</a> for full requirements</li></ul></li><li>• NY Consolidation, Extension &amp; Modification Agreement (CEMA) loans are permitted for fully delegated only</li></ul>		
Maximum Loan Amount	Maximum loan limits vary by county. The base loan amount cannot exceed the <a href="#">FHFA baseline conforming limit</a> .		

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LTV Limitations	<b>Primary Residence</b>		
	<b>LTV Limitations</b>	<b># of Units</b>	<b>LTV/CLTV/HCLTV</b>
	Purchase and Limited Cash Out Refinance	1-4	95%/95%/95%
	Cash Out Refinance	1	80%/80%/80%
		2-4	75%/75%/75%
	<b>Second Home</b>		
	<b>LTV Limitations</b>	<b># of Units</b>	<b>LTV/CLTV/HCLTV</b>
	Purchase and Limited Cash Out Refinance	1	90%/90%/90%
	Cash Out Refinance	1	75%75%75%
	<b>Investment Property</b>		
	<b>LTV Limitations</b>	<b># of Units</b>	<b>LTV/CLTV/HCLTV</b>
	Purchase	1	85%/85%/85%
		2-4	75%/75%/75%
	Limited Cash-Out Refinance	1-4	75%/75%/75%
	Cash Out Refinance	1	75%/75%75%
		2-4	70%70%70%
HPML/HPCT	HPML loans are eligible. Loans must be originated to meet definition of a Safe Harbor or Rebuttable Presumption Mortgage Loan under the Qualified Mortgage Rule.		
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>• Fannie Mae Warrantable condominiums</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 C-5 or C-6 condition</li> </ul>		
Occupancy	<ul style="list-style-type: none"> <li>• Primary Residence</li> <li>• Second Home</li> <li>• Investment Property</li> </ul>		
Geographic Locations	<ul style="list-style-type: none"> <li>• In Missouri, Arc Home may only fund fully delegated loans.</li> </ul>		
Assumptions	<ul style="list-style-type: none"> <li>• NA</li> </ul>		

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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>
Underwriting	<ul style="list-style-type: none"> <li>• Desktop Underwriter with risk classification of Approve/Eligible is required</li> <li>• Manual Underwrites not permitted</li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>• <a href="#">See Fannie Mae Selling Guide Chapter B2-2: Borrower Eligibility</a></li> </ul>
Income	<ul style="list-style-type: none"> <li>• As determined by Desktop Underwriter</li> </ul>
Credit	<ul style="list-style-type: none"> <li>• Non-traditional credit not permitted</li> <li>• All Borrowers must have a FICO score</li> </ul>
Assets	<ul style="list-style-type: none"> <li>• As determined by Desktop Underwriter</li> </ul>
Mortgage Insurance	<ul style="list-style-type: none"> <li>• Standard mortgage insurance coverage is required, follow Desktop Underwriter recommendation</li> <li>• In New York, for purposes of determining terms of mortgage insurance, Lenders are required to rely solely on the appraised value of the property.</li> <li>• Borrower Paid MI permitted</li> <li>• Lender Paid MI permitted</li> <li>• MI Providers – Refer to Correspondent Seller's Guide for approved providers</li> </ul>
Limitations on Other R.E Owned	<ul style="list-style-type: none"> <li>• <a href="#">Follow Fannie Mae Selling Guide Chapter B2-2-03</a></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 Requirements	<ul style="list-style-type: none"> <li>• UAD Compliant</li> <li>• As determined by Desktop Underwriter</li> </ul>
Special Requirements / Restrictions	<ul style="list-style-type: none"> <li>• Escrow Holdbacks must be completed by loan purchase</li> </ul>
Internet Links	<a href="http://www.archomellc.com">www.archomellc.com</a>