

Arc Home
Correspondent Fannie Mae High Balance ARM

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| Product Description | Product Name | | Amortization Terms |
| | 5/6 mos SOFR ARM FNMA Conventional High Balance | | 30 Years |
| | 7/6 mos SOFR ARM FNMA Conventional High Balance | | 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 ARM - 2/1/5 7/6 mos ARM - 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">• 5/6 mos - Greater of Note Rate + 2.00% or the Fully Indexed Rate• 7/6 mos – Note Rate• Max DTI - As determined by DU and MI Partner’s overlay | | |
| Types of Financing | <ul style="list-style-type: none">• Purchase Money• Rate and Term Refi• Cash Out Refi<ul style="list-style-type: none">◦ Arc Home will permit a maximum of three (3) delayed financing transactions per Borrower• For Texas primary residences, cash-out refinances are permitted under the following terms:<ul style="list-style-type: none">◦ Permitted for SFD, PUD or warrantable condo◦ Maximum 80% LTV/CLTV◦ ANY cash-back to Borrower is considered a Cash-Out Refinance◦ All requirements in Texas 50(a)6 legislation will apply◦ See Chapter B5-4 of Fannie Mae Selling Guide for full requirements | | |
| Maximum Loan Amount | Maximum loan limits vary by county. The base loan amount cannot exceed the FHFA High-Cost Area limit . | | |
| | Primary Residence | | |
| | LTV Limitations | # of Units | LTV/CLTV/HCLTV |
| | Purchase and Limited Cash-Out Refinance | 1 | 95%/95%/95% |
| | | 2 | 85%/85%/85% |
| | | 3-4 | 75%/75%/75% |
| | Cash-Out Refinance | 1 | 80%/80%/80% |
| | | 2-4 | 75%/75%/75% |

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| LTV Limitations | Second Home | | |
| | LTV Limitations | # of Units | LTV/CLTV/HCLTV |
| | Purchase and Limited Cash Out Refinance | 1 | 90/90%/90% |
| | Cash Out Refinance | 1 | 75%75%75% |
| | Investment Property | | |
| | LTV Limitations | # of Units | LTV/CLTV/HCLTV |
| | 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 | Eligible Property Types <ul style="list-style-type: none"> • 1-4 Unit Single Family Residences (SFR) • PUDs • Fannie Mae warrantable condominiums Ineligible Property Types <ul style="list-style-type: none"> • Manufactured Homes • Co-op's • Condo Hotels • Timeshares • Properties in C5 or C6 condition | | |
| Occupancy | <ul style="list-style-type: none"> • Primary Residence • Second Home • Investment Property | | |
| Geographic Locations | <ul style="list-style-type: none"> • In Missouri, Arc Home may only fund fully delegated loans | | |
| Assumptions | <ul style="list-style-type: none"> • NA | | |
| Escrow Waivers | <ul style="list-style-type: none"> • Not permitted on loans with LTV's over 80% • In California, not permitted with LTV's over 90% | | |
| Prepayment Penalty | <ul style="list-style-type: none"> • None | | |
| Underwriting | <ul style="list-style-type: none"> • Desktop Underwriter with risk classification of Approve/Eligible is required • Manual underwrites not permitted | | |
| Borrower Eligibility | <ul style="list-style-type: none"> • See Fannie Mae Selling Guide Chapter B2-2: Borrower Eligibility | | |
| Income | <ul style="list-style-type: none"> • As determined by Desktop Underwriter • 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 Fannie Mae Selling Guide B3-3.1-09, Other Sources of Income; Employment Offers or Contracts; Option 2 must be followed. Loan must be delivered with Special Feature Code 707. | | |

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| Credit | <ul style="list-style-type: none"> • Non-traditional credit not permitted • All Borrowers must have a FICO score |
| Assets | <ul style="list-style-type: none"> • As determined by Desktop Underwriter |
| Mortgage Insurance | <ul style="list-style-type: none"> • Standard mortgage insurance coverage is required, follow Desktop Underwriter recommendation • In New York, for purposes of determining terms of mortgage insurance, Lenders are required to rely solely on the appraised value of the property. • Borrower Paid MI permitted • Lender Paid MI permitted <ul style="list-style-type: none"> ○ MI Providers – Refer to Correspondent Seller's Guide for approved providers |
| Limitations on Other R.E Owned | <ul style="list-style-type: none"> • Follow Fannie Mae Selling Guide Chapter B2-2-03 |
| Appraiser Requirements | <ul style="list-style-type: none"> • Valid state license • Cannot be on the Freddie Mac Exclusionary List |
| Appraisal Requirements | <ul style="list-style-type: none"> • UAD Compliant • As determined by Desktop Underwriter |
| Escrow Holdbacks | <ul style="list-style-type: none"> • Escrow Holdbacks must be completed by loan purchase |
| Internet Links | www.archomellc.com |