

Arc Home
Correspondent Fannie Mae HomeReady ARM

Product Description	Product Name		Amortization Terms
	5/6 mos SOFR ARM FNMA HomeReady		30 Years
	7/6 mos SOFR ARM FNMA HomeReady		30 Years
	5/6 mos SOFR ARM FNMA HomeReady High Balance		30 Years
	7/6 mos SOFR ARM FNMA HomeReady 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 - 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.		
Assumable	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 Index Rate7/6 mos – Note RateMax DTI - Dependent on DU and MI Partner’s overlay, not to exceed 45%		
Types of Financing	<ul style="list-style-type: none">Purchase MoneyRate and Term Refi		
Loan Limits	Maximum loan limits vary by county. The base loan amount cannot exceed the FHFA conforming limit .		
LTV Limitations	Primary Residence		
	LTV Limitations	# of Units	LTV/CLTV/ ¹
	Purchase & Limited Cash-Out Refinance	1-4	95%/105%

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	High Balance Purchase & Limited Cash-Out Refinance	1	95%/105%
		2	85%/105%
		3-4	75%/105%
	¹ CLTV up to 105% with eligible Community Seconds (refer to HomeReady Section B5-6-01 and FNMA Eligibility Matrix for details)		
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 Only 		
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"> • Not permitted 		
Escrow Waivers	<ul style="list-style-type: none"> • Not permitted 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 risk classification of Approve/Eligible is required. DU must confirm loan is being scored as HomeReady. • Manual Underwrites are not permitted 		
Processing Styles	<ul style="list-style-type: none"> • Standard 		

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Borrower Eligibility	<ul style="list-style-type: none"> Refer to Fannie Mae Guide section B5-6-02, HomeReady Mortgage Loan and Borrower Eligibility
Homeownership Education	<ul style="list-style-type: none"> Homeownership education is required; refer to HomeReady Section B5-6-02 Homeownership Education and Housing Counseling Refer to FNMA Section B2-2-06 Homeownership Education and Housing Counseling
Credit	<ul style="list-style-type: none"> Non-Traditional Credit is not permitted All Borrowers must have a FICO score
Income/ Employment	<ul style="list-style-type: none"> Borrower(s) must meet area median income (AMI) requirements on Fannie Mae's website Refer to Fannie Mae Guide Section B5-6-02, HomeReady Mortgage Underwriting Methods and Requirements
Assets	<ul style="list-style-type: none"> Refer to Fannie Mae Section B5-6-02, HomeReady Mortgage Underwriting Methods and Requirements Sweat Equity and Cash on Hand are not acceptable sources of assets
Mortgage Insurance	<ul style="list-style-type: none"> Refer to Fannie Mae Section B5-6-03, Mortgage Insurance Coverage MI Providers – Refer to Correspondent Seller's Guide for approved providers
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 DU
Special Feature Codes	<p>Special Feature Code 900 must be delivered for all HomeReady mortgage loans. In addition, one or more of the following special feature codes may also be required for HomeReady mortgages:</p> <ul style="list-style-type: none"> loans with a Community Second – 118, loans with financed mortgage insurance – 281 and loans where at least one Borrower completed pre-purchase housing counseling and homeownership education - 184
Special Requirements/ Restrictions	<ul style="list-style-type: none"> Escrow Holdbacks must be completed by loan purchase
Internet Links	www.arcomellc.com