



**FHA Refinance Standard and High Balance Fixed Rate and ARM
Credit Qualifying & Non-Credit Qualifying Streamline With FICO**

LTV Matrix Fixed Rate and ARM						
Occupancy	Purpose	Maximum Loan Amount	Units	Maximum LTV/(H)CLTV	Minimum FICO	Maximum DTI
Primary, Second Home, Investment	Streamline	High Balance	1-4	97.75%/97.75%	600 ¹	55%
	Streamline	Standard	1-4	97.75%/200%		

LTV Matrix Footnotes

1. A minimum 600 credit score is required even on a non-credit qualifying loan.

Product Details

Appraisal Requirements	Not required	
ARM Parameters	Index	The weekly average yield on the 1-Year Constant Maturity Treasury Index
	Margin	2.00%
	Caps	3/1: 1/1/5 5/1: 1/1/5
	Interest Rate Adjustment	The interest rate is fixed for the initial period and adjusts on an annual basis thereafter using the Index value effective 30 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.
Assets	<ul style="list-style-type: none"> • Verify borrower(s) funds to close, in excess of the total Mortgage Payment of the new Mortgage refer to source of funds guideline in HUD 4000.1 Handbook • Principal Reduction is permitted to a maximum of 1% of the loan amount if a lender credit exceeds actual closing costs and/or prepaids as a result of lender paid closing costs. If the excess is greater than 1%, the interest rate must be reduced to lower the lender contribution. • Cash reserves: <ul style="list-style-type: none"> ○ Non-Credit Qualifying - No cash reserve requirements ○ Credit Qualifying <ul style="list-style-type: none"> ▪ 1-2 unit properties: 1 months PITI ▪ 3-4 unit properties: 3 months PITI 	
Assumptions	N/A	
Borrower Eligibility	<ul style="list-style-type: none"> • Borrower must be natural person & meet minimum state age requirements • At least one Borrower from the existing Mortgage must remain as a Borrower on the new Mortgage • Non-occupying co-borrowers that were on the original loan may remain. • Adding a non-occupying co-borrower is NOT allowed. 	
Community Property States	<ul style="list-style-type: none"> • California • Louisiana • New Mexico • Texas • Washington • Wisconsin 	
Credit	<p>As documented by a tri-merged "soft pull" credit report:</p> <ul style="list-style-type: none"> • Minimum FICO requirements per the LTV Matrix apply on credit qualifying and non credit qualifying transactions. 	



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	<ul style="list-style-type: none"> The Borrower must have made all Mortgage Payments on the subject property within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months for all Mortgages. The Borrower must have made the payments for all Mortgages secured by the subject Property Within the month due for the month prior to mortgage disbursement. Borrowers currently in a forbearance plan, or pending acceptance of a forbearance plan, are ineligible for a new transaction. This would include any refinance of the loan in forbearance, regardless of payment history, any refinance of other loans not in forbearance, and new purchase transactions. Borrowers will need to resolve the current or pending forbearance prior to completing a new transaction. This guidance is applicable to any borrower in any type of forbearance plan on a residential mortgage, regardless if the borrower has been making their payment during the forbearance. Any loan that enters forbearance or for which forbearance has been requested after closing but prior to delivery to Arc Home, is not eligible for purchase by Arc Home. 		
Escrow Holdbacks	<ul style="list-style-type: none"> In Wholesale, approval is required for all repair escrows and eligibility is subject to Arc Home discretion. In Correspondent, escrow holdbacks must be closed prior to purchase. 		
Escrow Waivers	Taxes and Homeowners Insurance must be escrowed		
Geographic Restrictions	In Missouri, Arc Home may only fund fully delegated loans.		
HPML/HPCT	<ul style="list-style-type: none"> 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. 		
HUD Section of ACT and ADP Codes	Section	Description	ADP Code
	203(b)	Basic Home Mortgage Insurance	703
	203(b)	Condominium	734
Income	<ul style="list-style-type: none"> Per HUD Guidelines <ul style="list-style-type: none"> Non-Credit Qualifying Refi: Employment and income do not need to be disclosed Credit Qualifying Refi: Standard income documentation required 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. Verbal Verification of Employment is required for all borrowers using self-employed income to qualify and must be completed within 120 calendar days prior to the note date. 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"> Possession of cannabis or cannabis seeds Processing Growing Harvesting/Cultivation Testing Packaging/Delivery Wholesale or Retail Sales 		
Limitations on Other R.E Owned	Per HUD Guidelines. Borrower may own no more than one FHA-insured primary residence.		
Maximum Loan Amount	<ul style="list-style-type: none"> Minimum loan amount: \$50,000 FHA Standard Balance: Maximum loan limits vary by county. Base loan amounts cannot exceed the lesser of HUD's FHA Mortgage Limit for the area or the FHFA baseline conforming limit. FHA High Balance: 		



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	High Balance loan amounts exceed the FHFA baseline conforming limit by at least \$1. The base loan amount cannot exceed HUD's FHA Mortgage Limit for the area.			
Mortgage Insurance Premium	For refinance of previous Mortgage endorsed on or before May 31, 2009 UFMIP: 1 (bps) (.01%) All Mortgages			
	All Mortgage Terms			
	Base Loan Amount	LTV	Annual MIP (bps)	Duration
	All	≤ 90.00%	55	11 years
		> 90.00%	55	Mortgage term
	For Mortgages where FHA does not require an appraisal, the value from the previous Mortgage is used to calculate the LTV.			
Occupancy	<ul style="list-style-type: none"> Principal Residences HUD – approved Second Residences Investment Properties <p>• Note: Investment Properties and HUD-approved Second Residences are only eligible for Streamline Refinancing into a Fixed Rate Mortgage.</p>			
Prepayment Penalty	Not allowed			
Property Types	<p>Eligible Property Types</p> <ul style="list-style-type: none"> Single Family Residence 2-4 Units PUDs HUD Approved Condominium Manufactured Homes <p>Ineligible Property Types</p> <ul style="list-style-type: none"> Mobile Homes Co-op's Condo Hotels Timeshares Working Farms and Ranches Properties in C5 or C6 condition Community Land Trust 			
Qualifying Rate	Qualify at Note Rate			
Ratios	Parameters for Credit Qualifying loans			
	Maximum Qualifying Ratios (%)	Acceptable Compensating Factors		
	31/43	No compensating factors required. Energy Efficient Homes may have stretch ratios of 33/45.		
	37/47	One of the following: <ul style="list-style-type: none"> verified and documented cash reserves; minimal increase in housing payment; or residual income. 		



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Reserves	As determined by AUS and HUD Guidelines.	
Seasoning Requirements for Existing Lien	<p>In addition to the requirements above, loans are eligible for refinance if and only if:</p> <ul style="list-style-type: none"> • The Borrower has made at least six consecutive monthly payments on the loan being refinanced, beginning with the payment made on the first payment due date <p>AND</p> <ul style="list-style-type: none"> • The first payment due date of the new loan will occur no earlier than 210 days after the first payment due date of the loan being refinanced 	
Secondary Financing	<ul style="list-style-type: none"> • Existing subordinate financing, in place at the time of case number assignment, must be resubordinated to the Streamline Refinance. • New subordinate financing is permitted only where the proceeds of the subordinate financing are used to: Reduce the principal amount of the existing FHA-insured Mortgage, or finance the origination fees, other closing costs, or discount points associated with the refinance 	
Special Requirements/Restriction	<p>Proof of Occupancy Required</p> <ul style="list-style-type: none"> • If a borrower is re-occupying a property that was previously an investment property, Streamline Refinances are not allowed (unless the borrower has re-occupied the residence 12 months or more prior to the loan application date.) • Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan. • The Mortgagee must review the borrower’s employment documentation or obtain utility bills to evidence that the borrower currently occupies the property as their principal residence. • The Mortgagee must obtain evidence that the second residence has been approved by the Jurisdictional HOC. • The mortgagee must process the streamline refinance as an investment property if the mortgagee cannot obtain evidence that the borrower occupies the property either as a principal or second residence. <p>Borrower must meet Net Tangible Benefit criteria as outlined in HUD 4000.1 Handbook.</p> <p>Review of Limited Denial Participation and SAM Exclusion Lists is required.</p> <p>Cash back to borrower(s) not to exceed \$500.</p>	
Tax Transcripts	<ul style="list-style-type: none"> • A fully executed 4506-C is required on all loans. • IRS Tax or W-2 Transcripts are required prior to closing: <ul style="list-style-type: none"> ○ When there is a relationship between the employer and borrower; and ○ At the underwriter’s discretion if needed to address red flags and ○ When the most recent tax returns have not been filed. • Refer to Arc Home’s Tax Transcript Policy. 	
Temporary Buydowns	Not allowed	
Transaction Types	Streamline Refinance	
Underwriting	<ul style="list-style-type: none"> • FHA’s Streamline Refinance Credit Qualifying or Non-Credit Qualifying program with a FICO score • All Streamline refinances must be manually underwritten and meet FHA HUD 4000.1 Handbook standards 	
Product Description and Terms	Product Name	Amortization Terms
	15 Year Fixed Rate FHA Streamline Refinance, Non-Credit Qualifying - With FICO	10-15 Years, increments of 12 months
	30 Year Fixed Rate FHA Streamline Refinance, Non-Credit Qualifying - With FICO	16-30 Years, increments of 12 months



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	15 Year Fixed Rate FHA High Balance Streamline Refinance, Non-Credit Qualifying - With FICO	10-15 Years, increments of 12 months
	30 Year Fixed Rate FHA High Balance Streamline Refinance, Non-Credit Qualifying - With FICO	16-30 Years, increments of 12 months
	3/1 Treasury ARM FHA Streamline Refinance, Non-Credit Qualifying - With FICO	30 Years
	5/1 Treasury ARM FHA Streamline Refinance, Non-Credit Qualifying - With FICO	30 Years
	3/1 Treasury ARM FHA High Bal Streamline Refi, Non-Credit Qualifying - With FICO	30 Years
	5/1 Treasury ARM FHA High Bal Streamline Refi, Non-Credit Qualifying - With FICO	30 Years
	15 Year Fixed Rate FHA Streamline Refinance - Credit Qualifying	10-15 Years, increments of 12 months
	30 Year Fixed Rate FHA Streamline Refinance - Credit Qualifying	16-30 Years, increments of 12 months
	15 Year Fixed FHA High Balance Streamline Refinance - Credit Qualifying	10-15 Years, increments of 12 months
	30 Year Fixed Rate FHA High Balance Streamline Refinance - Credit Qualifying	16-30 Years, increments of 12 months
	3/1 Treasury ARM FHA Streamline Refinance, Credit Qualifying	30 Years
	5/1 Treasury ARM FHA Streamline Refinance, Credit Qualifying	30 Years
	3/1 Treasury ARM FHA High Bal Streamline Refi, Credit Qualifying	30 Years
	5/1 Treasury ARM FHA High Bal Streamline Refi, Credit Qualifying	30 Years
Internet Links	www.archomellc.com	