



# Arc Access Non-QM

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# Arc Access Non-QM Solutions



- **12- and 24-Month Bank Statement or 1099:** Alternative documentation for self-employed borrowers
- **One Year Full Doc:** Reduced documentation for self-employed and wage earner borrowers
- **Agency Plus:** Expanded eligibility for borrowers outside the QM guidelines
- **Debt Service Coverage Ratio (DSCR):** Qualify investors without traditional income
- **Asset Utilization and No Ratio:** Unique qualification for borrowers who have assets, but not income
- **Clean Slate:** For borrowers with major credit events seasoned 12-48 months





# Overview – Arc Access

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- Wholesale, Delegated and Non-Delegated Correspondent
- Available Programs
  - 15- and 30-Year Fixed Rate
  - 5/6 and 7/6 SOFR ARM
  - Interest Only options available
- Minimum \$100,000 loan amount
- HI and MO eligible in Delegated only
- AUS not required





## Alternative Income – Bank Statements, 1 Year Full Doc & 1099 Income

- **85%** LTV available with 680 FICO
- Loan amount to **\$3MM**
- Down to **660** FICO
- DTI up to **50%**
- Available for Primary Residence, Second Home, and Investment
- First Time Home Buyers allowed with **680** FICO
- Interest Only option





# How do you qualify?

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## Bank Statements

- Average of 12 or 24 months of checking/draft account deposits
- Personal and business account options available
- Two years self-employment required
- Business Narrative required
- Fixed Expense Ratio and Third-Party Prepared Expense Statement options
- Send in your bank statements, and we will calculate for you!



## One Year Full Doc

- Self-Employed:
  - Two years self-employment required
  - One year most recent filed tax returns
  - YTD P&L
- Wage Earner:
  - One year W-2
  - YTD paystub covering at least 30 days



## 1099 Income

- Self-Employed
  - 12 or 24 months of recent 1099s for personal services performed by borrower
  - YTD compensation statement(s)
  - Business Narrative with annual business expense factor
- Qualifying income is lesser of:
  - 1099 average (12 or 24 months) less expense factor; **OR**
  - YTD earnings average less expense factor

# Business Bank Statements – Qualifying Income

## Fixed Expense Ratio

Fixed Expense Ratio			
Number of FTE/Contractors	<u>0</u>	<u>1-10</u>	<u>10+</u>
Service Business	20%	40%	60%
Product Business	30%	50%	70%

### Service Business Examples:

Hospitality, Tourism, Finance, Fitness, Beauty and Wellness, Mechanical, Media and Entertainment, Design, Marketing and Sales, Education, Healthcare, Public Service

### Product Business Examples:

Building Materials, Fashion Industry, Furniture, Printing, Publishing, Toy Maker, Household Goods (Focus on production of goods through the manufacturing process, which includes but is not limited to moving raw materials, creating goods, storing finished products and shipping products to customer.)

## Third-Party Prepared Expense Statement

- Expense statement prepared and signed by third-party (CPA or licensed tax preparer) indicating business expenses as a percentage of the gross annual sales/revenue
- CPA or licensed tax preparer must be verifiable





# Asset Utilization Qualification

- Divide borrower's qualified assets over **36** months
- Up to **80%** LTV for Purchase and Rate/Term
- Minimum **660** FICO
- Available for Primary Residence, Second Home, and Investment
- May be combined with other Non-QM programs to *supplement* income
- 4506-C validation is not required





# How do you qualify?

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- Assets must be seasoned and documented at least **four (4)** months
- Eligible Qualified Assets:
  - 100% of checking, savings, and money market accounts
  - 70% of remaining value of stocks and bonds or mutual funds (including those held in retirement account if age > 59½; if employer administered account, borrower must be separated from service)
  - 50% of retirement funds if age < 59½, OR > 59½ and using employer administered retirement account and borrower is not separated from service (Note: ability to liquidate must be documented, may not be limited to “hardship”)

## Calculation:

- Monthly Qualifying Income = Total Qualified Assets (less the total of down payment, closing costs, and required reserves) divided by **36**
- Send in your asset statements, and we will calculate for you!







# No Ratio Qualification

- Up to **70%** LTV for Purchase and Rate/Term
- Minimum **640** FICO
- No DTI or income calculation – qualify on asset balance!
- Available for Primary Residence, Second Home, and Investment
- 4506-C validation is not required





# How do you qualify?

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- **Six (6)** months of account statements required for each qualifying account

## **\*Total Qualified Assets**

- 100% of checking, savings, and money market accounts
- 70% of remaining value of stocks and bonds or mutual funds (including those held in retirement account if age > 59½; if employer administered account, borrower must be separated from service)
- 50% of retirement funds if age < 59½, OR > 59½ and using employer administered retirement account and borrower is not separated from service (Note: ability to liquidate must be documented, may not be limited to “hardship”)

## **Calculation**

The sum of the Total Qualified Assets\* must be greater than the sum of:

- The new loan amount;
- Down payment;
- Closing costs;
- Required reserves; and
- Five (5) years of current monthly obligations





## Investment – DSCR

- Loan amount to **\$2.5MM**
- **75%** LTV available to \$1.0MM with 680 FICO
- **.75** Debt Service Coverage Ratio allowed
- Minimum **660** FICO
- Interest Only – qualify with I/O payment
- 1-4 unit properties eligible
- Title may be held in LLC





# Who are your borrowers?

Investors looking  
to expand their  
property portfolio



LLCs expanding  
their property  
ownership



Realtors<sup>®</sup> who  
want to expand  
their networks



Fix and flip take-  
outs





# How do you qualify?

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- Calculate the DSCR by dividing subject property Gross Income by the PITIA/ITIA
- Gross Rent may be lower than the subject PITIA/ITIA
- No vacancy factor is considered
- Qualify with lower of executed lease agreement(s) or market rent from appraisal Form 1007



## Agency Plus

- Up to **90%** LTV – no MI, up to \$2.0MM loan amount
- Minimum **660** FICO
- Loan amount up to **\$3.5MM**
- DTI up to **50%**
- First Time Home Buyers allowed with **680** FICO
- Available for Primary Residence, Second Home, Investment
- Interest Only option





# How do you qualify?

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- 2 years Full Documentation
- Wage Earner:
  - Most recent YTD paystub (covering minimum 30 days)
  - Prior 2 years W-2s
- Self-Employed:
  - Prior 2 years personal and business tax returns with all schedules
  - YTD P&L
- **Note:** Asset Utilization may *supplement* qualifying Full Doc income





# Arc Access Credit – Standard Requirements

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- **Credit Report:** Tri-merge credit report required; each borrower must have 2 credit scores
- **Mortgage/Rental History:** 0x30x12
- **Derogatory Credit Seasoning:** > 48 months (includes bankruptcy, foreclosure, short sale)

## Tradelines Requirements – **Three Qualifying Options**

1. **Three (3)** active and current trades reporting on credit report for at least **12 months**
  - Accounts may be open or closed with activity reflected in last 12 months
2. **Two (2)** tradelines showing at least **24 months** activity
  - May include closed accounts with activity reporting in last 24 months
3. **Eight (8)** tradelines reporting, one must be mortgage or rental history
  - At least one trade must be open and reporting for a minimum of 12 months
  - Credit report must reflect borrower has an established credit history for at least 10 years





## Clean Slate

- Up to **85%** LTV – no MI
- Down to **620** FICO, restrictions apply
- Loan amount up to **\$3MM**
- DTI up to **50%**
- Available for Primary Residence, Second Home, Investment
- Full and Alt Doc options
- First Time Home Buyers allowed





# How do you qualify?

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- **Full Doc**
  - 24 months Full Documentation
- **12- and 24-Month Bank Statements**
  - Alternative documentation for self-employed borrowers
- **Asset Utilization**
  - Qualified asset balance averaged over 36 months
- **One Year Full Doc**
  - Self-employed or wage earner borrowers





# Credit – Clean Slate Requirements

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- **Credit Report:** Tri-merge credit report required; each borrower must have 2 credit scores
- **Mortgage/Rental History:** 0x30x12
  - **1x30x12** allowed (must be 0x30 most recent 6 months), subject to eligibility restrictions
- **Derogatory Credit Seasoning:** **>/= 12 months** (includes bankruptcy, foreclosure, short sale)

## Tradelines Requirements – **Three Qualifying Options**

1. **Three (3)** active and current trades reporting on credit report for at least **12 months**
  - Accounts may be open or closed with activity reflected in last 12 months
2. **Two (2)** tradelines showing at least **24 months** activity
  - May include closed accounts with activity reporting in last 24 months
3. **Eight (8)** tradelines reporting, one must be mortgage or rental history
  - At least one trade must be open and reporting for a minimum of 12 months
  - Credit report must reflect borrower has an established credit history for at least 10 years



# Reserve Requirements – Arc Access Non-QM

Agency Plus, Alt Income, Clean Slate		
	LTV	Minimum Reserves
Primary Residence, Second Home, Investment	> 80%	<ul style="list-style-type: none"> <li>• 6 months PITIA reserves</li> <li>• 3 months PITIA reserves allowed for Rate/Term if all the following are met:               <ul style="list-style-type: none"> <li>• 0x30x12 housing history; AND</li> <li>• Refinance results in P&amp;I decrease of 10% or greater (for I/O loans, reduction is based on amortizing payment); AND</li> <li>• DTI does not exceed 50%</li> </ul> </li> </ul>
	> 65% to </= 80%	3 months PITIA reserves
	</= 65%	0 months PITIA reserves
Additional Financed Properties Owned by Borrower(s)	Any	Reserves required <b>in addition to</b> amount noted above: <ul style="list-style-type: none"> <li>• Primary Residence and Second Home transactions: <b>One (1) month</b> subject PITIA for each financed property owned</li> <li>• Investment transactions: <b>Two (2) months</b> subject PITIA for each financed property owned</li> </ul>
DSCR		
	LTV	Minimum Reserves
Investment	Any	6 months PITIA reserves
Additional Financed Properties Owned by Borrower(s)	Any	Reserves required <b>in addition to</b> amount noted above: <ul style="list-style-type: none"> <li>• <b>Two (2) months</b> subject PITIA/ITIA for each financed property owned</li> </ul>

# Arc Access Pricing in SPARC



**Loan Information**

Loan Purpose  Purchase  Refinance

First Time Home Buyer?  [explain](#)

Impound?  Yes

Doc Type **Full Document**

Appraised Value

Sales Price

Down Payment

1st Lien

2nd Financing?  No  Yes

Rate Lock Period  days

Rate Lock Expiration Date:  
4/29/2022 (Assumes a 60-day lock.)

**Other Information**

Loan Originator is Paid By  Lender  Borrower

Expected AUS Response **None/Not Submitted**

Estimated Credit Score  Total Monthly Income

**Full Document**

- Full Document
- 12 Mo. Personal Bank Statements
- 24 Mo. Personal Bank Statements
- 12 Mo. Business Bank Statements
- 24 Mo. Business Bank Statements
- Other Bank Statements
- 1 Yr. Tax Returns
- VOE
- Asset Utilization
- Debt Service Coverage (DSCR)
- No Ratio

**None/Not Submitted**

- None/Not Submitted
- DU Approve/Eligible

\* **Important Note:** Required for 1099 income source, review next slide for details.

- **Doc Type**

- Full Document
- 12 Mo. Personal Bank Statements
- 24 Mo. Personal Bank Statements
- 12 Mo. Business Bank Statements
- 24 Mo. Business Bank Statements
- Other Bank Statements\*
- 1 Yr. Tax Returns = One Year Full Doc
- Asset Utilization
- DSCR
- No Ratio

- **Rate Lock Period**

- “Registration” status: **30** days for Purchase; **60** days for Refinance
- “Approved” status for Refinance > 15 to < 60 days
- “Clear to Close” for <= 15 days

- **Expected AUS Response**

- None/Not Submitted

# 1099 Income in SPARC



1. **Doc Type** must = **Other Bank Statements**
2. **1099 Income** field at bottom of screen must = **12 OR 24 months**

**Loan Information**

Loan Purpose  Purchase  Refinance

First Time Home Buyer?  [explain](#)

Impound?  Yes

Doc Type **Other Bank Statements** ▼

Appraised Value

Sales Price

Down Payment

1st Lien

Prepayment Penalty Term  ▼

Supplemental Asset Utilization  ▼

ITIN  ▼

Delivery Type  ▼

Self-Employed (Jumbo Only)?  ▼

1099 Income  ▼

- No Selection
- No 1099
- 1099 - 12 months
- 1099 - 24 months

# Arc Access – Additional Pricing Fields



Prepayment Penalty Term	ANY	NO
Supplemental Asset Utilization	NO	No Selection
ITIN	NO	NO
Delivery Type	BEST EFFORTS	YES
Self-Employed (Jumbo Only)?	NO	No Selection
1099 Income	No 1099	N/A
Forbearance Seasoning	N/A	Elite Program - Forbearance <=12
HPML	Not HPML	Access Program - Forbearance <=18

The image shows a form with several dropdown menus. Red boxes highlight the 'Supplemental Asset Utilization', 'Forbearance Seasoning', and 'HPML' fields. Red arrows point from these highlighted fields to their respective dropdown menus, which are also highlighted with red boxes. The 'Supplemental Asset Utilization' dropdown shows 'NO' selected. The 'Forbearance Seasoning' dropdown shows 'N/A' selected. The 'HPML' dropdown shows 'Not HPML' selected. The 'Prepayment Penalty Term' dropdown shows 'NO' selected. The 'Delivery Type' dropdown shows 'BEST EFFORTS' selected. The 'ITIN' dropdown shows 'NO' selected. The 'Self-Employed (Jumbo Only)?' dropdown shows 'NO' selected. The '1099 Income' dropdown shows 'No 1099' selected.

- **Prepayment Penalty Term**
  - Available for Investment only, select term requested
- **Supplemental Asset Utilization**
  - LLPA adjustment applies
  - Select “Yes”, if applicable
- **Forbearance Seasoning**
  - LLPA adjustment applies if  $\leq 18$  months
  - Select “Access Program – Forbearance  $\leq 18$ ”, if applicable
- **HPML**
  - Select “HPML” or “Not HPML”, as applicable for transaction

# Arc Access Non-QM Quick Pricer



[business.archomellc.com](https://business.archomellc.com)



Income Doc	Full Doc	FICO	FICO ex. 350-850. 0 for no FICO.
Purpose	Purchase	Bankruptcy	None
Occupancy	Primary	Credit Events	None
Property Type	SFR	Mortgage Lates	0X30X12
State	Please Select	DTI/DSCR	ex. DTI: 43 / DSCR: 1.50 %
County	Please Select	Citizenship	US Citizen
Loan Amount	\$ Loan Amount	ITIN	No
LTV	LTV ex. 80 %		

[See Results](#)



# Arc Home – Deal Desk



Visit [business.archomellc.com](https://business.archomellc.com) to submit an Income Analysis Request, guideline question, or Exception Request today!



# Arc Access Resources



## Wholesale

- **Wholesale > Forms and Guidelines > Arc Access Non-QM Forms and Guidelines**
  - Arc Access Program Matrices (Agency Plus, Alt Income, Clean Slate, DSCR)
- **Wholesale > Forms and Guidelines > Wholesale Resources**
  - Pricing and Lock Policy – Arc Access & Arc Elite
  - Wholesale Important Information
  - Transferred Appraisal Policy – Arc Access & Arc Elite
  - Arc Access & Arc Elite Broker Flow
- **Wholesale > Forms and Guidelines > Wholesale Forms**
  - Arc Access Non-QM Initial Submission Checklist

## Correspondent

- **Correspondent > Delegated **OR** Non-Delegated Forms and Guidelines > Arc Access Non-QM Forms and Guidelines**
  - Arc Access Program Matrices (Agency Plus, Alt Income, Clean Slate, DSCR)
- **Delegated Forms and Guidelines > Delegated Correspondent Resources**
  - Correspondent Seller's Guide
  - Client Reference Guide (Delegated)
  - Access & Elite Submission Job Aid (Delegated)
- **Non-Delegated Forms and Guidelines > Non-Delegated Correspondent Resources**
  - Correspondent Seller's Guide
  - Initial Submission Checklist (Non-Delegated)
  - Client Reference Guide (Non-Delegated)
  - Transferred Appraisal Policy – Arc Access & Arc Elite

**business.archomellc.com**



## Why Partner with Arc Home?

- The Arc Home Account Executives are Non-QM certified!
- Send in your bank statements, and we will calculate the income prior to registration!
  - Wholesale and Non-Delegated Correspondent
- Our expansive product mix, which includes unique offerings, gives you an ability to differentiate yourself with your referral sources
- Ongoing support for you and your referral sources to identify new market opportunities
- Marketing: We partner with you and offer white label marketing materials
- Ease of use: Utilize the same online portal for all your loans at Arc Home
  - Agency, Government, Jumbo, Arc Access Non-QM, Arc Elite QM – Wholesale and Correspondent



# Arc Home – Become a Partner



Visit [business.archomellc.com](https://business.archomellc.com) to partner with Arc Home today!

The screenshot shows the Arc Home website navigation menu. On the left is the Arc Home logo, which consists of a red curved line above the text 'ARC HOME'. To the right of the logo is a horizontal navigation bar with the following links: 'Home', 'Wholesale', 'Correspondent', 'Deal Desk', 'Become a Partner', 'About Us', and 'Resources'. The 'Become a Partner' link is highlighted in red. A mouse cursor is positioned over this link, and a dropdown menu is visible below it. The dropdown menu contains two red-bordered buttons: 'Apply to be a Broker Partner' and 'Apply to be a Correspondent Partner'.



# QUESTIONS & ANSWERS



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