

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

- 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







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

- 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





- 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





• **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® who want to expand their networks

Fix and flip takeouts











- 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





- 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

- 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)

Tradeline 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





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

- 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)

Tradeline Requirements – Three Qualifying Options

- 1. Three (3) active and current trades reporting on credit report for at least 12 months
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- 2. Two (2) tradelines showing at least 24 months activity
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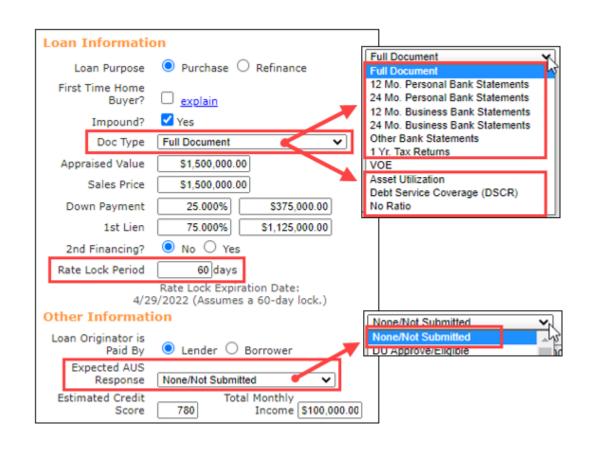


Reserve Requirements – Arc Access Non-QM

Agency Plus, Alt Income, Clean Slate						
	LTV	Minimum Reserves				
Primary Residence, Second Home, Investment	> 80%	 6 months PITIA reserves 3 months PITIA reserves allowed for Rate/Term if all the following are met 0x30x12 housing history; AND Refinance results in P&I decrease of 10% or greater (for I/O loa reduction is based on amortizing payment); AND DTI does not exceed 50% 				
	> 65% to = 80%</td <td>3 months PITIA reserves</td>	3 months PITIA reserves				
	= 65%</td <td>0 months PITIA reserves</td>	0 months PITIA reserves				
Additional Financed Properties Owned by Borrower(s)	Any	 Reserves required in addition to amount noted above: Primary Residence and Second Home transactions: One (1) month subject PITIA for each financed property owned Investment transactions: Two (2) months subject PITIA for each financed property owned 				
	DSCR					
	LTV	Minimum Reserves				
Investment	Any	6 months PITIA reserves				
Additional Financed Properties Owned by Borrower(s)	Any	Reserves required in addition to amount noted above: • Two (2) months subject PITIA/ITIA for each financed property owned				

Arc Access Pricing in SPARC





* 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

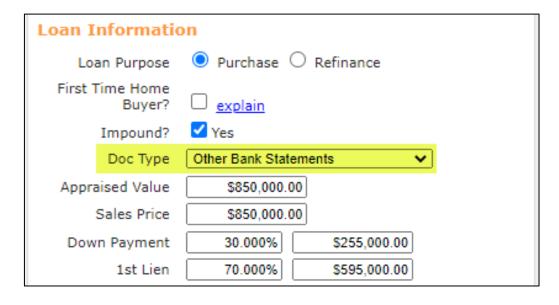
Expected AUS Response

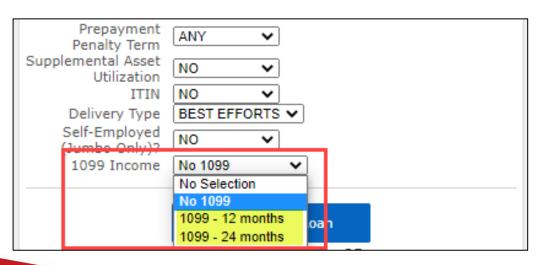
None/Not Submitted

1099 Income in SPARC



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





Arc Access – Additional Pricing Fields





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 </= 18 months
- Select "Access Program Forbearance <= 18", if applicable

HPML

Select "HPML" or "Not HPML", as applicable for transaction

Arc Access Non-QM Quick Pricer



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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 42 (DCCD 4 F0	0/
County	Please Select	\$	DTI/DSCR	ex. DTI: 43 / DSCR: 1.50	%
			Citizenship	US Citizen	\$
Loan Amount	\$ Loan Amount		ITIN	No	\$
LTV	LTV ex. 80	%			
		See Re	sults		

Arc Home – Deal Desk



Visit <u>business.archomellc.com</u> 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

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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



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 <u>business.archomellc.com</u> to partner with Arc Home today!





QUESTIONS & ANSWERS



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