



Arc Access Alternative Income

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Arc Access Alt Income Solutions



- **12- and 24-Month Bank Statements or 1099s:** Alternative documentation for self-employed borrowers
- **One Year Full Doc:** Reduced documentation for self-employed and wage earner borrowers
- **Asset Utilization and No Ratio:** Unique qualification for borrowers who have assets, but not income
- **ITIN:** Qualify self-employed and wage earner borrowers with an individual tax ID





Bank Statements, One Year Full Doc & 1099 Income

- 90% LTV available with 660 FICO
- Loan amount to \$3MM
- DTI up to 50%
- Available for Primary Residence, Second Home, and Investment
- First Time Home Buyers allowed with 660 FICO
- Interest Only option





Who are your borrowers?

Contractors



Business Owners



Doctors



Gig Economy



Retail Store Owners





How do you qualify?



Bank Statements

- Average of 12 or 24 months of bank statement deposits
- Personal and business account options available
- Two years self-employment 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 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:

Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, IT

Product Business Examples:

Retail, Manufacturing, Food Services/Restaurants, Contracting/Construction

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

- Up to 80% LTV for Purchase and Rate/Term
- Minimum 660 FICO
- Up to \$3,000,000 loan amount
- 40% maximum DTI
- Available for Primary Residence, Second Home, and Investment
- May be combined with other Non-QM programs to supplement income
- 4506-T validation is not required





Asset Utilization – Overview

- Financial assets seasoned and documented at least **four (4)** months
- Used to qualify as either:
 - Sole source of income, **OR**
 - Supplement to other types of qualifying income
- Loan must conform with eligibility parameters of Alt Income source that contributes the highest portion of qualifying income
- Send in your asset statements, and we will calculate for you!





Asset Utilization – Qualifying Income

- Asset profile reviewed over 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

Calculation

- Monthly Qualifying Income = Total Qualified Assets (less the total of down payment, closing costs, and required reserves) divided by **36**





No Ratio

- 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-T validation is not required





No Ratio – How do you qualify?

- **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





Borrower Eligibility

(Bank Statements, One Year Full Doc, 1099 Income, Asset Utilization, No Ratio)

- US Citizen
- Permanent Resident Alien
 - Front/back copy of Alien Registration Receipt Card I-551 (“Green Card”)
- Non-Permanent Resident Alien
 - Eligibility restrictions apply – refer to program matrix and/or Selling Guide
 - Valid SSN, passport, and acceptable Visa classification required
- First Time Home Buyer
 - Refer to program matrix for eligibility



Qualifying Credit

(Bank Statements, One Year Full Doc, 1099 Income, Asset Utilization, No Ratio)

✓ Credit History Requirements

- 0x30x12 mortgage/rental history
- Credit events (Bankruptcy, Foreclosure, Short Sale) seasoned > 48 months

✓ Tradeline Requirements – Three Qualifying Options

1. Minimum of **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. Minimum of **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 ten (10) years



ITIN

- LTV up to 75%
- 680 minimum credit score
- Up to \$1,000,000 loan amount
- 50% maximum DTI
- Refer to the Alt Income Matrix





ITIN – Borrower Eligibility

What is an ITIN?

- A tax processing number issued by the IRS to individuals who are required to have a US taxpayer identification number, but **do not have and are not eligible to obtain a Social Security Number.**

Borrower Eligibility

- Co-borrower(s) with a SSN allowed
- Power of Attorney (POA) not allowed
- Non-occupant co-borrower not allowed

Identification Requirements

- Valid US ID and copy of ITIN assignment document required





ITIN – Credit

Credit History Requirements

- 0x30x12 mortgage/rental history
- Credit events seasoned > 48 months
- US credit pulled with borrower's ITIN

Tradeline Requirements – Two Qualifying Options

1. Minimum of **three (3)** credit trades reviewed for at least **24 months**
2. Minimum of **four (4)** credit trades reviewed for at least **12 months**





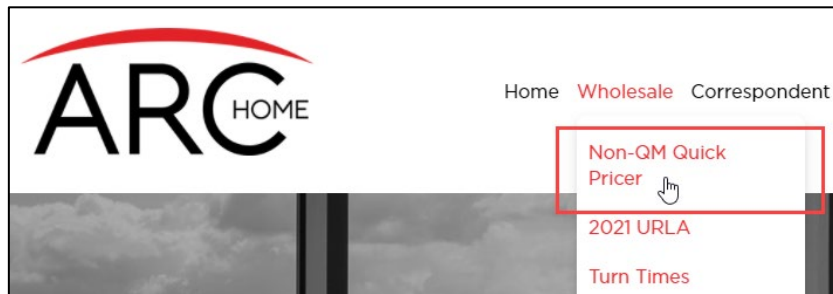
ITIN – Income

- Minimum 2-year employment history required
- **Wage Earner** documented with WVOE **and either:**
 - 6 months bank statements supporting pay deposits in line with WVOE; **OR**
 - Current paystub(s) with YTD earnings and 2 years W-2s reflecting ITIN
- **Self-Employed** documented with:
 - Evidence of self-employed business for at least 2 years; **and**
 - 24 months bank statements

Arc Access Non-QM Quick Pricer



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Non-QM Quick Pricer

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 %
Loan Amount	\$ Loan Amount	Citizenship	US Citizen
LTV	LTV ex. 80 %	ITIN	No

See Results



Why Partner with Arc Home?

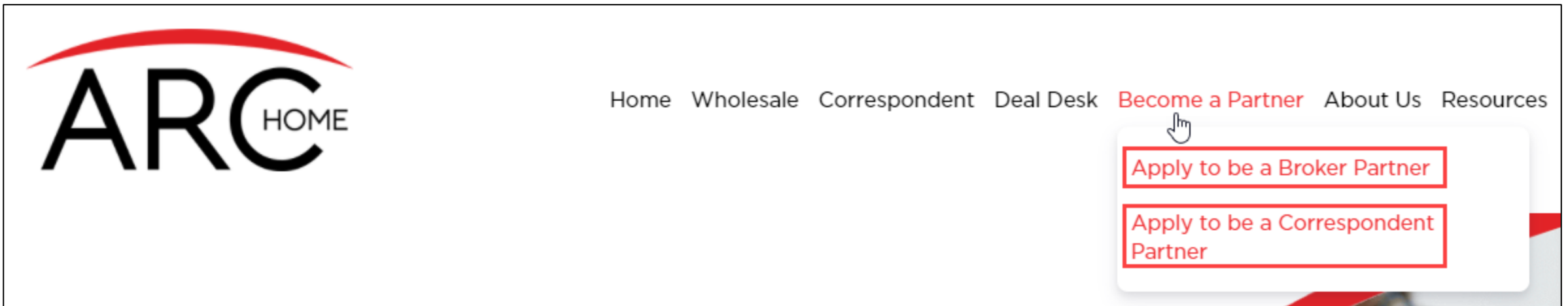
- We beat any rate on like Non-QM products and scenario comparison!
- Income calculators take the guess work out of what income can be used
- Attract a diverse base of referral sources with our broad range of products
- Marketing: We partner with you and offer white label marketing materials
- Ease of use: Utilize the same online portal for all your loans at Arc Home
 - Agency, Government, Jumbo, Non-QM – Wholesale and Correspondent



Arc Home – Become a Partner



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QUESTIONS & ANSWERS



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