



# Arc Access Non-QM

Presented by: Nick Glasse, Patrick Creek, David McPherson,  
Kristye Coomer

# Arc Access Non-QM 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
- **Agency Plus:** Expanded full doc eligibility for borrowers outside the QM guidelines
- **Debt Service Coverage Ratio (DSCR):** Qualify investors without traditional income
- **Asset Utilization:** 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
  - Interest Only options available
- Minimum \$100,000 loan amount
- HI eligible in Delegated only; all other states available in all channels
- AUS not required





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

- 90% LTV available with 700 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?



## Bank Statements

- Average of 12 or 24 months of checking/draft account deposits
- Personal and business account options available
- Two years self-employment required
- Arc Home 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 paystubs covering at least 30 days



## 1099 Income

- Two years 1099 employment
  - 12- or 24-months recent 1099s
  - YTD compensation statement(s)
  - Arc Home Business Narrative with annual business expense factor
- Qualifying income is lesser of:
  - 24-month 1099 average less expense factor; **OR**
  - 12-month 1099 average 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
- **Note:** Lowest acceptable expense ratio for business bank statement qualifying is 15%, where 1099 income qualifying is 10%





# Asset Utilization Qualification

- Divide borrower's qualified assets over 60 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?

---

- 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 **60**
- Send in your asset statements, and we will calculate for you!





## Investment – DSCR

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





# How do you qualify?

---

- Calculate the DSCR by dividing subject property Gross Income by the PITIA/ITIA
- Gross Rent may be lower than the subject PITIA
  - Minimum 1.0 DSCR for Interest Only
- No vacancy factor is considered
- Qualify with lower of executed lease agreement(s) or market rent from appraisal Form 1007





# Clean Slate

- Financing options for borrowers with:
  - 1x30x12 housing history (must be 0x30 most recent 6 months), **OR**
  - Major credit events seasoned 12 to 48 months
- DTI up to 50%
- Up to 85% LTV for Purchase and Rate/Term
- Minimum 620 FICO
- First Time Home Buyers allowed
- Loan amount up to \$3MM





# How do you qualify?

---



## **Income Qualifications Available**

- Full Doc
- 12- and 24-Month Bank Statements
- 12- and 24-Month 1099s
- Asset Utilization
- One Year Full Doc (self-employed or wage earner)



## **Credit Requirements**

- 0x30x12 housing history
  - 1x30x12 allowed (0x30 most recent 6 months), subject to eligibility restrictions
- Credit events seasoned  $\geq$  12 months
  - Bankruptcy, Foreclosure, Short Sale, etc.





# Profile of your Non-QM borrowers?



## Alt Income

- **Bank Statements**
  - Contractors
  - Business owners
- **1099s**
  - Real estate agents
  - Contract employees
- **One Year Full Doc**
  - Eligible for wage earner or self-employed
  - COVID-impacted borrowers
- **Asset Utilization**
  - Sole or supplemental qualifying source



## Clean Slate

- Eligible for all income types
- Designed for bruised credit
  - Credit events (Bankruptcy, Foreclosure, etc.) seasoned 12-48 months, **OR**
  - Up to 1x30 housing history



## DSCR

- Investors looking to expand their property portfolio
- LLCs expanding their property ownership
- Realtors<sup>®</sup> who want to expand their networks



# Arc Access Non-QM Quick Pricer & Quick Qualifier



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.



# 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 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

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

# 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 menu with the following items: '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'.

ARC HOME

Home Wholesale Correspondent Deal Desk **Become a Partner** About Us Resources

Apply to be a Broker Partner

Apply to be a Correspondent Partner



# QUESTIONS & ANSWERS



All rights reserved by Arc Home LLC © 2023

