



# Arc Access NQM and Arc Elite QM

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# Agenda

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- Arc Access Non-QM
- Arc Elite QM
- Important Resources



# Arc Access NQM

## Agency Plus

- Up to **90%** LTV – no MI
- Minimum **660** FICO
- Loan amount to **\$3.5mm**

## Clean Slate

- Up to **85%** LTV – no MI
- Minimum **620** FICO
- Loan amount to **\$3.0mm**

## DSCR

- Up to **80%** LTV
- Minimum **640** FICO
- Loan amount to **\$2.5mm**

## Alt Income

(One Year Full Doc, Bank Statements, CPA P&L, 1099s)

- Up to **90%** LTV – no MI
- Minimum **660** FICO
- Loan amount to **\$3.0mm**

## Alt Income

(Asset Utilization)

- Up to **80%** LTV
- Minimum **660** FICO
- Loan amount to **\$3.0mm**

## Alt Income

(No Ratio)

- Up to **70%** LTV
- Minimum **640** FICO
- Loan amount to **\$2.5mm**



# Overview – Arc Access NQM

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- Available Programs
  - **15- and 30-Year Fixed Rate**
  - **5/6 and 7/6 SOFR ARM**
  - **Interest Only** options available
- HI eligible for Delegated Correspondent only
- AUS **NOT** required
- Exceptions **MAY** be considered
- Prepayment Penalty available





# Eligibility – Arc Access NQM

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- **Borrower Eligibility**
  - Per Arc Selling Guide and applicable matrix
- **Credit**
  - Minimum tradelines per manual review
  - Max 0x30x12 mortgage/rental history; Clean Slate allows 1x30x12
  - Derogatory credit seasoned > 48 months; Clean Slate allows >/= 12 months
- **Debt-to-Income / Debt Service Coverage Ratio**
  - Lesser of 50% or as indicated on applicable matrix
  - Minimum .75 DSCR; Interest Only requires 1.0 DSCR
- **Eligible Properties**
  - 1-4 Units
  - Fannie Mae Warrantable Condos
  - Non-Warrantable Condos





# Income – Arc Access NQM

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## Agency Plus

- Full Documentation
- Asset Utilization may *supplement* qualifying Full Doc income

## Clean Slate

- Full Documentation
- 12- and 24-Month Bank Statements
- 1- and 2-Year 1099s
- One Year Full Doc (wage earner or self-employed)
- Asset Utilization

## Alt Income

- 12- and 24-Month Bank Statements
- 1- and 2-Year 1099s
- CPA Prepared P&L (**NEW**)
- One Year Full Doc (wage earner or self-employed)
- Asset Utilization
  - Use as sole source OR to *supplement* qualifying Alt Doc income
- No Ratio

## Debt Service Coverage Ratio (DSCR)

- Subject property gross rental income divided by PITIA/ITIA



# Arc Access Alt Income – How to Qualify

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- ✓ **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 and YTD paystubs covering at least 30 days; OR
    - **WVOE** with prior year and YTD income **(NEW)**
- ✓ **1099 Income**
  - Two years 1099 employment
    - **1- or 2-years** recent 1099s
    - YTD compensation statement(s)
    - Arc Home Business Narrative with annual business expense factor
  - Qualifying income is lesser of:
    - 2-year 1099 average less expense factor; OR
    - 1-year 1099 average less expense factor; OR
    - YTD earnings average less expense factor



# Arc Access Alt Income – How to 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 and business existence 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!
- ✓ **CPA Prepared P&L (NEW)**
  - 12-month average of P&L net income
  - Two years self-employment and business existence required
  - Borrower must own at least 50% of business
  - 12-month P&L for period ending within 60 days of close from Licensed CPA/Tax Preparer/Enrolled Agent
  - Two (2) months of business bank statements supporting gross receipts/sales reflected on P&L
  - CPA Relationship Letter required

# Business Bank Statements – Qualifying Income

## Fixed Expense Ratio

Fixed Expense Ratio			
Number of Employees/Contractors	<u>0</u>	<u>1-10</u>	<u>10+</u>
Service Business	20%	40%	60%
Capital Intensive 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

### Capital-Intensive Business Examples:

Construction, Oil and Gas, Manufacturing, Money Lenders, Telecommunication, Transportation, Healthcare, Farming & Agricultural

## 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 qualifying is **15%**





# Arc Access Alt Income – How to Qualify



## Asset Utilization

- Assets must be seasoned and documented at least **four (4)** months
- Monthly Qualifying Income = Total Qualified Assets (less the total of down payment, closing costs, and required reserves) divided by **60**



## No Ratio

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

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

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





# Arc Elite QM

- Max LTV
  - **Agency Plus:** Up to **89.99%** LTV – no MI
  - **Alt Income:** Up to **80%** LTV
- Minimum Credit Score
  - **Agency Plus:** 640
  - **Alt Income:** 680
- Loan amount to **\$3MM**
- Available for Primary Residence and Second Home





# Overview – Arc Elite QM

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- **30-Year Fixed Rate** (Fully Amortized)
- **Income Documentation**
  - **Agency Plus:** Per [Fannie Mae guidelines](#); follow Desktop Underwriter (DU)
  - **Alt Income:** 24-Months Bank Statements, 2-Years 1099s, One Year Full Doc, Asset Utilization
- HI eligible for Delegated Correspondent only
- **DU Approve** required
  - May be Ineligible due ONLY to Loan Amount and/or LTV when MI is required per AUS
- **NO EXCEPTIONS** considered





# Eligibility – Arc Elite QM

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- **Borrower Eligibility**

- Per Fannie Mae DU AUS

- **Credit**

- Minimum tradelines per Fannie Mae DU AUS
- Max 0x30x12 mortgage/rental history
- Bankruptcy and Foreclosure seasoning per Fannie Mae DU AUS

- **Debt-to-Income**

- Lesser of 50% or Fannie Mae DU AUS

- **Eligible Properties**

- 1-4 Units
- Fannie Mae Warrantable Condos





# Income – Arc Elite QM

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## Agency Plus

- Full Documentation
- Asset Utilization may *supplement* qualifying Full Doc income

## Alt Income

- 24-Month Bank Statements
- 2-Year 1099s
- One Year Full Doc (wage earner or self-employed)
- Asset Utilization
  - Use as sole source OR to *supplement* qualifying Alt Doc income





# Arc Elite Alt Income – How to Qualify

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- ✓ **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 and YTD paystubs covering at least 30 days; OR
    - **WVOE** with prior year and YTD income **(NEW)**
- ✓ **1099 Income**
  - Two years 1099 employment
    - **2-years** recent 1099s
    - YTD compensation statement(s)
    - Arc Home Business Narrative with annual business expense factor
  - Qualifying income is lesser of:
    - 2-year 1099 average less expense factor; OR
    - 1-year 1099 average less expense factor; OR
    - YTD earnings average less expense factor



# Arc Elite Alt Income – How to Qualify



## Bank Statements

- Average of **24 months** of checking/draft account deposits
- Personal and business account options available
- Two years self-employment and business existence 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!



## Asset Utilization

- Assets must be seasoned and documented at least **six (6)** months
- Monthly Qualifying Income = Total Qualified Assets (less the total of down payment, closing costs, and required reserves) divided by **120**



# Business Bank Statements – Qualifying Income

## Fixed Expense Ratio

Fixed Expense Ratio			
Number of Employees/Contractors	<u>0</u>	<u>1-10</u>	<u>10+</u>
Service Business	20%	40%	60%
Capital Intensive 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

### Capital-Intensive Business Examples:

Construction, Oil and Gas, Manufacturing, Money Lenders, Telecommunication, Transportation, Healthcare, Farming & Agricultural

## 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 qualifying is **15%**





# Program Comparison

	Arc Elite QM	Arc Access NQM
<b>Occupancy</b>	<ul style="list-style-type: none"><li>• Primary Residence</li><li>• Second Home</li></ul>	<ul style="list-style-type: none"><li>• Primary Residence</li><li>• Second Home</li><li>• Investment</li></ul>
<b>Loan Amount Max</b>	<ul style="list-style-type: none"><li>• \$3,000,000</li></ul>	<ul style="list-style-type: none"><li>• Agency Plus: \$3,500,000</li><li>• Alt Income: \$3,000,000; No Ratio \$2,500,000</li><li>• Clean Slate: \$3,000,000</li><li>• DSCR: \$2,500,000</li></ul>
<b>LTV Max</b>	<ul style="list-style-type: none"><li>• Agency Plus: 89.99%</li><li>• Alt Income: 80%</li></ul>	<ul style="list-style-type: none"><li>• Agency Plus: 90%</li><li>• Alt Income: 90%; Asset Utilization 80%; No Ratio 70%</li><li>• Clean Slate: 85%</li><li>• DSCR: 80%</li></ul>
<b>DTI Max / DSCR Min</b>	<ul style="list-style-type: none"><li>• Lesser of 50% or DU AUS</li></ul>	<ul style="list-style-type: none"><li>• Agency Plus: 50%</li><li>• Alt Income: 50%; Asset Utilization 40%</li><li>• Clean Slate: 50%; Asset Utilization 40%</li><li>• DSCR: .75; 1.0 for I/O</li></ul>
<b>AUS Requirement</b>	<ul style="list-style-type: none"><li>• DU Approve; Ineligible allowed ONLY due to Loan Amount and/or LTV when MI required per AUS</li></ul>	<ul style="list-style-type: none"><li>• N/A – manual underwriting</li></ul>



# Program Comparison (continued)

	Arc Elite QM	Arc Access NQM
<b>Credit Score Minimum</b>	<ul style="list-style-type: none"> <li>Agency Plus: 640</li> <li>Alt Income: 680</li> </ul>	<ul style="list-style-type: none"> <li>Agency Plus: 660</li> <li>Alt Income: 660; No Ratio 640</li> <li>Clean Slate: 620</li> <li>DSCR: 640</li> </ul>
<b>Credit Requirements</b>	<ul style="list-style-type: none"> <li>Minimum two (2) FICO scores per borrower</li> <li>Housing History: 0x30x12</li> <li>Foreclosure and Bankruptcy: Per AUS</li> <li>Non-traditional credit not permitted</li> </ul>	<ul style="list-style-type: none"> <li>Manual tradeline review</li> <li>Minimum two (2) FICO scores per borrower</li> <li>Housing History: 0x30x12; Clean Slate allows 1x30x12</li> <li>Derogatory Credit: &gt; 48 months; Clean Slate allows &gt;= 12 months</li> <li>Non-traditional credit not permitted</li> </ul>
<b>Reserves</b>	<p>Greater of DU AUS OR:</p> <ul style="list-style-type: none"> <li>Loan Amount &lt;= \$750,000: 3 months PITIA</li> <li>Loan Amount &gt; \$750,000 to &lt;= \$1,500,000:               <ul style="list-style-type: none"> <li>LTV &lt;= 85%: 6 months PITIA</li> <li>LTV &gt; 85%: 12 months PITIA</li> </ul> </li> <li>Loan Amount &gt; \$1,500,000 to &lt;= \$2,500,000: 9 months PITIA</li> <li>Loan Amount &gt; \$2,500,000: 12 months PITIA</li> </ul>	<ul style="list-style-type: none"> <li>Loan Amount &lt;= \$1,500,000               <ul style="list-style-type: none"> <li>LTV &lt;= 85%: 6 months PITIA</li> <li>LTV &gt; 85%: 12 months PITIA</li> </ul> </li> <li>Loan Amount &gt; \$1,500,000 to &lt;= \$2,500,000: 9 months PITIA</li> <li>Loan Amount &gt; \$2,500,000: 12 months PITIA</li> </ul>

# Arc Access Non-QM & Arc Elite 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 today!



# 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 header. On the left is the Arc Home logo, consisting of a red arc above the text 'ARC HOME'. To the right is a navigation menu with the following items: Home, Wholesale, Correspondent, Deal Desk, Become a Partner, About Us, and Resources. The 'Become a Partner' item is highlighted in red and has a mouse cursor hovering over it. A dropdown menu is open below it, containing two red-bordered buttons: 'Apply to be a Broker Partner' and 'Apply to be a Correspondent Partner'.



# QUESTIONS & ANSWERS



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