



Arc Elite QM Program Expansion and Overview

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Arc Elite QM Solutions



- **Agency Plus**

- **Full Documentation:** Traditional qualifying with an exceptional price

- **Alternative Income**

- **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:** Unique qualification for borrowers who have assets, but not income





Overview – Arc Elite

- Wholesale and Non-Delegated Correspondent Only
- Available Program
 - 30-Year Fixed Rate (Fully Amortized)
- HI ineligible
- DU Approve/Eligible OR DU Approve/Ineligible **required**
 - May be ineligible due ONLY to Loan Amount and/or LTV when MI is required per AUS





Arc Elite – Agency Plus

- Up to 89.99% LTV – **NEW!**
- Minimum **640** FICO – **NEW!**
- Loan amount to **\$3MM**
- Max DTI per Fannie Mae DU AUS
- Available for Primary Residence and Second Home





Credit – Arc Elite Agency Plus

- **Credit Report:** Tri-merge credit report required; each borrower must have **2** credit scores (one score or no score not eligible)
- **Mortgage/Rental History:** 1x30x12
- **Derogatory Credit Seasoning (per Fannie Mae):**
 - Chapter 7 or 11 Bankruptcy: 48 months
 - Chapter 13 Bankruptcy: 24 months (discharged) or 48 months (dismissed)
 - Foreclosure: 84 months
 - Deed-in-Lieu of Foreclosure, Preforeclosure Sale, Charge-Off of Mortgage: 48 months
- **Minimum Credit Requirement:** Per Fannie Mae DU AUS





Full Doc – Arc Elite Agency Plus

- Full Documentation per [Fannie Mae guidelines](#)
- Wage Earner:
 - Most recent prior two (2) years W-2s
 - Two (2) most recent paystubs
- Self-Employed:
 - Most recent two (2) years personal and business tax returns with all schedules
 - YTD P&L





Reserve Requirements – Arc Elite Agency Plus

Arc Elite – Agency Plus		
Occupancy	Loan Amount	Minimum Reserves
Primary Residence and Second Home	< \$750,000	Greater of Fannie Mae/DU required reserves OR 3 months PITIA reserves
	>= \$750,000 to < \$1.5mm	Greater of Fannie Mae/DU required reserves OR 6 months PITIA reserves
	>= \$1.5mm to < \$2.0mm	Greater of Fannie Mae/DU required reserves OR 9 months PITIA reserves
	>= \$2.0mm to < \$2.5mm	Greater of Fannie Mae/DU required reserves OR 12 months PITIA reserves
	>= \$2.5mm	Greater of Fannie Mae/DU required reserves OR 18 months PITIA reserves





Arc Elite – Alternative Income

- Up to **80%** LTV
- Minimum **680** FICO
- Loan amount to **\$3MM**, regardless of LTV
- DTI up to **50%**
- Available for Primary Residence and Second Home





Credit – Arc Elite Alt Income

- **Credit Report:** Tri-merge credit report required; each borrower must have **2** credit scores (one score or no score not eligible)
- **Mortgage/Rental History:** 0x30x12
- **Derogatory Credit Seasoning (per Fannie Mae):**
 - Chapter 7 or 11 Bankruptcy: 48 months
 - Chapter 13 Bankruptcy: 24 months (discharged) or 48 months (dismissed)
 - Foreclosure: 84 months
 - Deed-in-Lieu of Foreclosure, Preforeclosure Sale, Charge-Off of Mortgage: 48 months
- **Minimum Credit Requirement:** Per Fannie Mae DU AUS





One Year Full Doc – Arc Elite Alt Income

- Wage Earner:
 - One year W-2
 - Two (2) most recent paystubs
- Self-Employed:
 - One year most recent filed tax returns
 - YTD P&L
 - Evidence business in existence at least five (5) years





1099 Income – Arc Elite Alt Income

- Self-Employed
 - 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 (24 months) less expense factor; **OR**
 - YTD earnings average less expense factor





Asset Utilization – Arc Elite Alt Income

- Assets must be seasoned and documented at least **twelve (12)** months
- Eligible Qualified Assets:
 - 100% of checking, savings account, and money market accounts
 - 70% of remaining value of stocks & bonds, mutual funds, and retirement accounts (100% may be used if borrower age > 59½)
- **Note:** If borrower is of retirement age AND can show a minimum two-year history of taking required draws, 100% of assets may be used AND the lowest draw amount will be used to qualify

Calculation:

- Monthly Qualifying Income = Total Qualified Assets (less the total of down payment, closing costs, and required reserves) divided by **120**
- Send in your asset statements, and we will calculate for you!





Bank Statements – Arc Elite Alt Income

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



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





Reserve Requirements – Arc Elite Alt Income

Arc Elite – Alt Income		
Occupancy/DTI	Loan Amount	Minimum Reserves
Primary Residence and Second Home (DTI \leq 45%)	\leq \$548,250	Greater of Fannie Mae/DU required reserves OR 3 months PITIA reserves
	$>$ \$548,250 to $<$ \$1.0mm	Greater of Fannie Mae/DU required reserves OR 6 months PITIA reserves
	\geq \$1.0mm to $<$ \$1.5mm	Greater of Fannie Mae/DU required reserves OR 9 months PITIA reserves
	\geq \$1.5mm to $<$ \$2.5mm	Greater of Fannie Mae/DU required reserves OR 12 months PITIA reserves
	\geq \$2.5mm	Greater of Fannie Mae/DU required reserves OR 18 months PITIA reserves
DTI $>$ 45%	Any	3 months PITIA reserves in addition to any other required reserves (as noted above)



Arc Elite Pricing in SPARC



Loan Information

Loan Purpose Purchase Refinance

First Time Home Buyer? [explain](#)

Impound? Yes

Doc Type

Appraised Value

Sales Price

Down Payment

1st Lien

2nd Financing? No Yes

Rate Lock Period

Rate Lock Expiration Date: 9/30/2021 (Assumes a 30-day lock.)

Other Information

Loan Originator is Paid By Lender Borrower

of +

Lender Fee Buyout Requested?

Expected AUS Response

Estimated Credit Score Total Monthly Income

Doc Type Dropdown:

- 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

Expected AUS Response Dropdown:

- None/Not Submitted
- None/Not Submitted
- DU Approve/Eligible
- DU Approve/Ineligible
- DU Refer/Eligible
- DU Refer/Ineligible
- DU Refer with Caution/Eligible
- DU Refer with Caution/Ineligible
- LPA Accept/Eligible

• Doc Type

- Full Document
- 24 Mo. Personal Bank Statements
- 24 Mo. Business Bank Statements
- Other Bank Statements*
- 1 Yr. Tax Returns = One Year Full Doc
- Asset Utilization

• Rate Lock Period

- **Agency Plus**
 - Minimum 30 days at registration
 - “Clear to Close” for ≤ 15 days
- **Alt Income**
 - Minimum 60 days at registration
 - “Approved” status for > 15 to < 60 days
 - “Clear to Close” for ≤ 15 days

• Expected AUS Response

- DU Approve/Eligible, **OR**
- DU Approve/Ineligible

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

1099 Income in SPARC



1. **Doc Type** must = **Other Bank Statements**
2. **1099 Income** field at bottom of screen must = **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 Elite – SPARC Forbearance Pricing



USDA UW Type

DSCR

Prepayment Penalty Term

Supplemental Asset Utilization

ITIN

Delivery Type

Self-Employed (Jumbo Only)?

1099 Income

Forbearance Seasoning

Run Forbearance Seasoning

Forbearance Seasoning dropdown menu:

- No Selection
- No Selection
- N/A
- Elite Program - Forbearance <=12
- Access Program - Forbearance <=18

- **LLPA adjustment applies if forbearance seasoned <=12 months**
 - Defaults to N/A
 - Manually select Elite “Forbearance Seasoning” for accurate pricing, if applicable

Arc Elite – Arc Home Quick Pricer



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Income Doc

- Select “Full Doc” to show **Arc Elite Agency Plus** eligibility
- Select one of the following to show **Arc Elite Alt Income** eligibility:

Income Doc	Full Doc
Purpose	Full Doc
Occupancy	Full Doc: 12 Mo. (Limited) 1099: 24 Mo.
Property Type	1099: 12 Mo. Bank Stmts: 12 Mo. Personal Bank Stmts: 12 Mo. Business
State	Bank Stmts: 24 Mo. Personal Bank Stmts: 24 Mo. Business DSCR Asset Depletion / Utilization

AUS Selection

- Not currently supported today
- Future build anticipated to capture AUS

Forbearance Pricing

- Not supported; Forbearance pricing disclaimer added

Arc Elite – Pricing in OB/Loan Sifter



Loan Type

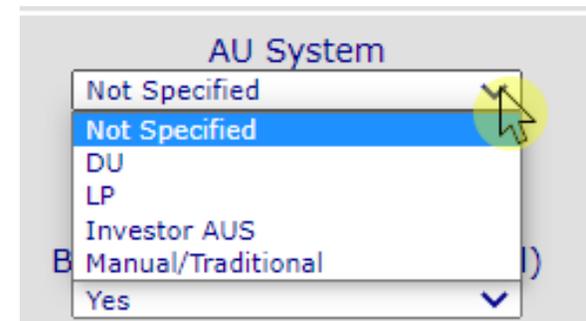
- Select “Expanded Guidelines” to show **Arc Elite Agency Plus** (Full Doc) eligibility
- Select “Expanded Guidelines” to show **Arc Elite Alt Income** eligibility

Forbearance Pricing

- Not currently supported today; Forbearance pricing disclaimer added
- Future build in progress to capture Forbearance LLPA

AUS Selection

- Select “Not Specified” OR “DU” to show Arc Elite eligibility



Arc Home – Deal Desk



Visit business.archomellc.com to submit an Income Analysis Request or guideline question today!



Arc Elite Resources



Wholesale

- **Wholesale > Forms and Guidelines > Arc Elite QM Forms and Guidelines**
 - Arc Elite Agency Plus and Arc Elite Alt Income Program Matrices
- **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 Elite QM Initial Submission Checklist

Non-Delegated Correspondent

- **Correspondent > Non-Delegated Forms and Guidelines > Arc Elite QM Forms and Guidelines**
 - Arc Elite Agency Plus and Arc Elite Alt Income Program Matrices
- **Correspondent > Non-Delegated Forms and Guidelines > Non-Delegated Correspondent Resources**
 - Correspondent Seller's Guide
 - Non-Delegated Correspondent Initial Submission Checklist
 - Transferred Appraisal Policy – Arc Access & Arc Elite

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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!
- Attract a diverse base of referral sources with our broad range of products
- 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





QUESTIONS & ANSWERS



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