



Arc Access DSCR

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Debt Service Coverage Ratio

- Business purpose – Investment transactions only
- Loan amount to \$2.5MM
- 80% LTV available to \$1.5MM with 680 FICO
- .75 Debt Service Coverage Ratio allowed
- Minimum 660 FICO
- 1-4 unit properties eligible
- Interest Only available



Arc Access DSCR



- Business purpose – Investment transactions only
- Qualify investors without traditional income
 - No employment OR income required on 1003
 - No DTI calculation
- REO schedule on 1003 must identify financed properties for the calculation of reserve requirements only
 - No REO rental income/loss evaluation





DSCR – Borrower Eligibility

- **Eligible**

- US Citizen
- Permanent Resident Alien
 - Front/back copy of Alien Registration Receipt Card I-551 (“Green Card”)
- Non-Permanent Resident Alien
 - Valid SSN, passport, and acceptable Visa classification required
- First Time Investor (landlord experience not required)
- Foreign National (refer to Arc Access Foreign National guidelines and matrix)

- **Ineligible**

- Deferred Action for Childhood Arrivals (DACA)
- First Time Home Buyer
- Individual Taxpayer Identification Number (ITIN)
- Non-Occupant Co-Borrower





DSCR – Credit

Credit History Requirements

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

Tradelines 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





DSCR – Assets & Reserves

Asset Requirements

- Must be seasoned and documented for at least **sixty (60) days**
 - Most recent two months bank statements or most recent quarterly statement required
- **Gift Funds** allowed
 - May not be used for reserves
 - Minimum borrower contribution not required for LTV \leq 80%
- **Business Funds** allowed for down payment, closing costs and reserves
 - Not permitted for Sole Proprietor/Schedule C

Reserve Requirements

- **Six (6) months** minimum reserves
- Additional Financed Properties – reserves required for each financed property owned
 - **Two (2) additional months** reserves of subject PITIA/ITIA, up to a total of 18 months reserves
- Cash-Out Proceeds
 - Borrower(s) must have at least **three (3) months** PITIA/ITIA reserves documented through traditional asset sources; remaining reserve requirements may be satisfied with cash-out refinance proceeds





DSCR – Qualifying

Documentation Requirements

- Appraisal Form 1007 (purchase and refinance)
- Purchase
 - If rented: copy of executed lease agreement OR evidence 12 months rent loss coverage if lease not available
 - Not rented: evidence 12 months rent loss coverage
- Refinance
 - Executed lease agreement
 - Short-term rentals (Airbnb, Vrbo):
 - HOA documentation verifying permissible use
 - Short-term rental commercial insurance with liability and damage coverage
 - Remittance statements from renting entity covering 12 months AND 12 months satisfactory evidence of all management/maintenance expenses

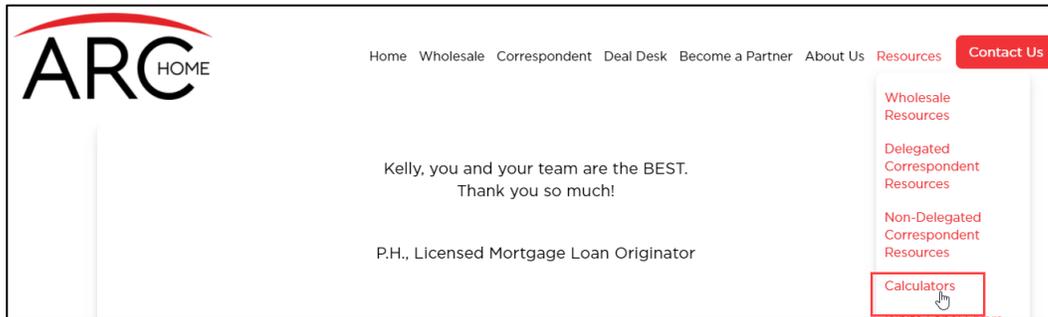
DSCR Calculation

- DSCR is designed to qualify using only the rental income and PITIA/ITIA of the subject property
- Calculate the DSCR by dividing subject property Gross Income by the PITIA/ITIA
 - Gross Income is lower of executed lease agreement(s) (or documented short-term rental income) or market rent from appraisal Form 1007
 - Gross Rental Income may be lower than the subject PITIA/ITIA
 - Interest Only – qualify with I/O payment
 - No vacancy factor is considered

Arc Access DSCR Calculator



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1. Enter subject loan amount, loan purpose, and LTV
2. Complete steps #1 and #2
 - Note: Enter the **PROPOSED** subject property PITIA/ITIA in #2
3. Enter DSCR results from #3 into SPARC Pricing/Quick Pricer screen or Non-QM Quick Pricer to run eligibility
 - Note: DSCR pass/fail results based on DSCR, loan purpose and loan amount only; refer to program matrix for complete eligibility requirements

ARC HOME		Debt Service Coverage Ratio Worksheet	
Loan Number:	123		
Borrower Name:	Borrower		
Loan Amount:	1,000,000.00		
Purpose:	RateTerm		
Loan To Value Ratio:	75		
Debt Service Coverage Ratio Calculated by:	Jason		
1: Input Gross Rental Income ("GRI")		Gross Rental Income (GRI):	\$2,500.00
2: Input Total Monthly PITIA/ITIA debts associated with the subject property to calculate Total PITIA/ITIA	Subject Qualifying P&I or I/O		\$2,000.00
	Real Estate Taxes		\$300.00
	Homeowners Insurance (HOI)		\$200.00
	Other required insurance, if applicable (i.e. Flood Insurance)		\$150.00
	HOA Dues, if applicable		\$50.00
	Total PITIA/ITIA		\$2,700.00
3: DSCR Calculation		Gross Rental Income divided by PITIA/ITIA of the subject rental.	0.9259
DSCR Pass or Fail:		Pass	
*Please refer to product matrices to confirm DSCR eligibility			

DSCR in Non-QM Quick Pricer



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Non-QM Quick Pricer

Income Doc	DSCR	FICO	768
Purpose	Purchase	Bankruptcy	None
Occupancy	Investment	Credit Events	None
Prepayment Penalty	3 Year	Mortgage Lates	0X30X12
Property Type	SFR	DTI/DSCR	.92 %
State	CA	Citizenship	US Citizen
Loan Amount	\$ 450,000	ITIN	No
LTV	65 %		

See Results

DSCR in SPARC



Quick Pricer

Create Lead Create Loan

Horizon of borrower interest: 60 months [\(explain\)](#)

Property & Loan Info **PML Options**

Property Information

Zip Code: 75028 State: TX
County: Denton
City: Flower Mound

In Rural Area? Yes [explain](#)

Property Use: Investment

Gross Rent: \$0.00 Occupancy Rate (%): 100.000%

Has Non-Occupant Co-Borrower? Yes

Property Type: SFR
Structure Type: Detached

New Construction? Yes

Additional Monthly Housing Expenses: \$0.00 [calculate](#)

Owner's Title Insurance: Use estimated title cost. Use cost quoted by borrower/realtor.

Loan Information

Loan Purpose: Purchase Refinance

First Time Home Buyer? [explain](#)

Impound? Yes

Doc Type: Debt Service Coverage (DSCR)

Appraised Value: \$0.00

Sales Price: \$692,310.00

Down Payment: 35.000% \$242,310.00

1st Lien: 64.999% \$450,000.00

2nd Financing? No Yes

Rate Lock Period: 30 days

Rate Lock Expiration Date: 6/7/2021 (Assumes a 30-day lock.)

Other Information

Loan Originator is Paid By: Lender Borrower

0.000% of Loan Amount + \$0.00

Expected AUS Response: None/Not Submitted

Estimated Credit Score: 768 Total Monthly Income: \$100,000.00

Number of Financed Properties: 1 [explain](#)

Total Liquid Assets: \$5,000,000.00 [explain](#)

Present Housing Expense: \$0.00

Prior Sales Date: mm/dd/yyyy [explain](#)

Conv Loan PMI Type: No MI

Is UFMIP/FF Financed? Yes Override Auto-Calculated UFMIP/FF? Yes

FHA UFMIP: 1.750% VA Funding Fee: 1.400%

USDA Rural Guarantee Fee: 1.000%

USDA UW Type: No Selection

DSCR: 0.92

Prepayment Penalty Term: ANY

Supplemental Asset Utilization: NO

ITIN: NO

Delivery Type Self-Employed (Jumbo Only)? BEST EFFORTS

1099 Income: No 1099

Run Price My Loan



Arc Home – Deal Desk



Visit business.archomellc.com to submit a guideline scenario today!



Arc Access Exception Process



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- 1. Review Non-QM Exception Restrictions** (page 2 of Exception Request) PRIOR to submitting request
- 2. Complete Exception Request** form in its entirety
 - Compensating Factors vital to support request; MUST align with data at top
 - If the loan is not yet registered, enter N/A in the SPARC loan number field
- 3. Email** completed **Exception Request** form to scenarioexception@archomeloans.com
- 4. Upload** Exception Request form AND Deal Desk response to loan submission

Non-QM Resources – Wholesale



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Wholesale > Forms and Guidelines > Non-QM Forms and Guidelines

- **Arc Access Matrices** – Alternative Income, DSCR, Clean Slate, Agency Plus, Foreign National
- **Arc Access Business Narrative** – required for ALL bank statement loan submissions

Wholesale > Forms and Guidelines > Wholesale Forms

- **Non-QM Initial Submission Form** – required for ALL Non-QM loan submissions
- **SSA-89**
- **4506-C**

Wholesale > Forms and Guidelines > Wholesale Resources

- **Wholesale Important Information** – details fees, mortgagee clause info, servicing contact details
- **NQM Broker Flow** – map of Non-QM file flow through Arc Home
- **Pricing and Lock Policies**
- **Transferred Appraisal Policies**
- **Appraisal Reconsideration Form**

Wholesale > Wholesale Training

- **SPARC Broker User Guide** – detailed instructions for using SPARC
- **SPARC Job Aids** – Add New Users, Appraisal Ordering, Initial Upload, Client Condition Upload, Re-Issue Credit

Non-QM Resources – Non-Delegated



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Correspondent > Non-Delegated Forms and Guidelines > Non-QM Forms and Guidelines

- **Arc Access Matrices** – Alternative Income, DSCR, Clean Slate, Agency Plus, Foreign National
- **Arc Access Business Narrative** – required for ALL bank statement loan submissions
- **Business Purpose and Occupancy Affidavit** – required for all DSCR loans

Correspondent > Non-Delegated Forms and Guidelines > Correspondent Forms

- **SSA-89**
- **4506-C**

Correspondent > Non-Delegated Forms and Guidelines > Non-Delegated Correspondent Resources

- **Non-Delegated Correspondent Initial Submission Form** – required for ALL loan submissions
- **Correspondent Client Reference Guide** – details fees, mortgagee clause info, servicing contact details
- **Correspondent Seller's Guide**
- **Transferred Appraisal Policies**

Correspondent > Correspondent Training

- **SPARC User Guide** – detailed instructions for using SPARC
- **SPARC Job Aids** – Add New Users, Client Condition Upload
- **Fast Track Training Videos** – quick hit videos demonstrating SPARC functionality



QUESTIONS & ANSWERS



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