



Arc Access DSCR

This product is for business purpose loans on investment properties. Ability to repay is based solely on the income and debts associated with subject property.

LTV Matrix

Fixed Rate and ARM (including IO)

| Occupancy | Purpose | Units | Loan Amount Maximum | Credit Score Minimum | LTV | Minimum DSCR ³ |
|------------|------------------------|-----------|--------------------------|----------------------|--------------------|---------------------------|
| Investment | Purchase and Rate/Term | 1-4 Units | \$2,500,000 ² | 740 | 60% | 1.25 |
| | | | \$2,000,000 ² | 720 | 70% | 1.00 |
| | | | \$2,000,000 ² | 700 ² | 65% | |
| | | | \$1,500,000 | 700 ² | 75% ² | |
| | | | \$1,000,000 | 680 ² | 75% ² | |
| | | | \$750,000 | 680 ² | 70% | |
| | Cash-Out ¹ | 1-4 Units | \$2,000,000 ² | 740 | 65% ² | 1.00 |
| | | | \$1,500,000 | 720 | 70% ^{1,2} | |
| | | | \$1,000,000 | 700 ² | 70% ^{1,2} | |

1. **Cash-Out transactions:** Maximum cash in hand of \$500,000 for LTVs > 65%; \$1MM maximum combined cash-in-hand total for all Arc Home loans, over rolling 12-month period
2. **Non-Warrantable Condo:** 720 minimum credit score; \$1,500,000 max loan amount; 65% max LTV for Purchase and Rate/Term, 50% max LTV for Cash-Out
3. **Interest-Only loans** require DSCR ≥ 1.00

Product Specific Requirements

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| Amortization Type | Full Principal and Interest: <ul style="list-style-type: none"> 15 Year and 30 Year Fixed Rate 5/6 SOFR ARM, 7/6 SOFR ARM Interest Only: <ul style="list-style-type: none"> 30 Year Interest only Fixed Rate 5/6 SOFR IO ARM, 7/6 SOFR Interest only ARM |
| ARM Information | Caps: 2/2/5 Index: 30 Day SOFR Margin: 3.75% Floor: Margin |
| Appraisal Requirement | <ul style="list-style-type: none"> One appraisal is required for loan amounts ≤ \$2,000,000. Two appraisals are required for loan amounts > \$2,000,000. Form 1007/216 must be included with the appraisal for both Purchase and Refinance Transactions on one-unit properties. If the property is a 2-4 unit, Fannie Mae form 1025 must be utilized. Follow the Arc Selling Guide for Collateral Review requirements. |
| Assets/Borrower Contribution | Gift funds are not permitted for down payment, closing costs or reserves. Large deposits do not need to be sourced on purchase or refinance transactions. |
| Attestations | Borrowers obtaining a loan under Arc's DSCR Program must certify that they understand that consumer protection laws applicable to consumer loans will not apply to their business purpose loan and complete the Business Purpose Affidavit . |
| Borrower Eligibility | Eligible: <ul style="list-style-type: none"> US Citizens Permanent Resident Aliens |

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| | <ul style="list-style-type: none"> • Non-Permanent Resident Aliens • LLC and Corporation provided that the Vesting in the Name of an Entity requirements in the Arc Selling Guidelines are met. • First Time Investors (Borrowers who do not have a history of owning and managing real estate for at least 1 year in last 3 years): <ul style="list-style-type: none"> ○ Purchase and Rate Term only ○ Min 680 credit score ○ No mortgage late payments in the past 36 months on any REO <p>Ineligible:</p> <ul style="list-style-type: none"> • First Time Home Buyers • Foreign Nationals • Inter Vivos trusts • Using a Power of Attorney |
| <p>Credit/Payment History Requirements</p> | <ul style="list-style-type: none"> • No foreclosure/bankruptcy/short sale within last 48 months • All applicant(s) and co-borrowers must meet the credit score requirements individually. • Non-traditional credit is not permitted. • Payment history requirements: 0x30x12 mortgage/rental history on the subject property and all financed REOs under the borrower's name. • All REOs under the borrower's name must be listed in the REO Section, regardless of whether they are financed. <ul style="list-style-type: none"> ○ Documentation as to whether the property is owned free and clear or is currently financed is required. If property is owned free and clear, no additional documentation is required. |
| <p>Documentation Type</p> | <p>Doc Type must reflect "Debt Service Coverage (DSCR)"</p> |
| <p>DSCR Calculation</p> | <p>DSCR calculation:</p> <ul style="list-style-type: none"> • Full Principal and Interest loans: Gross Income divided by PITIA of the subject rental. • Interest Only loans: Gross Income divided by ITIA of the subject rental. <p>Gross Income for qualifying will be the lower:</p> <ul style="list-style-type: none"> • of the executed lease agreement (or documented short term rental income on a refinance transaction) or • the market rent from appraisal form 1007. <p>DSCRs down to 0.75 are eligible, see LTV matrix for eligibility details. If DSCR exceeds 2.0, the rental income must be documented with two separate sources of rental income for the subject property (ie – 1007, copy of current lease, online rental listing, etc.). The lower of the two rental figures must be used for qualifying income.</p> |
| <p>DSCR Documentation</p> | <p>For purchase transactions:</p> <ul style="list-style-type: none"> • Rent Schedule Form 1007/216 or 1025 and either: <ul style="list-style-type: none"> ○ If subject property is currently rented - Executed lease agreement is required. ○ If subject property is not currently rented or if the property is rented but lease is not available, then rent loss coverage equal to 12 months of the market rent per the 1007/216 must be obtained. <p>For all refinance transactions:</p> <ul style="list-style-type: none"> • Rent Schedule Form 1007/216 or 1025 and either: <ul style="list-style-type: none"> ○ If subject property is currently rented - Executed lease agreement is required. ○ If subject property is not currently rented or if the property is rented but lease is not available, then rent loss coverage equal to 12 months of the market rent per the 1007/216 must be obtained and a 10% LTV reduction from the program max that the borrower qualifies for is required. ○ For Short-term rental income (such as AirBNB/VRBO), in lieu of a lease agreement, remittance statements from the renting entity (AirBnB, VRBO, etc.) covering the most recent 12-month period. The payout amount should be used for qualifying. Refer to the Arc Selling Guide for more details. |



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| | <p>Accessory Dwelling Unit (ADU) Income: Rental income from permitted Accessory Dwelling Unit may be included in the gross rental income per the documentation requirements above. Security deposits that have been drawn by the landlord in lieu of one or more rental payments will not qualify as monthly rental payment. Follow Fannie Mae for all appraisal requirements.</p> |
| Impound/Escrow Accounts | Escrow funds/impound accounts may be waived for taxes and hazard insurance in accordance with the Arc Selling Guide. |
| Lien Position | First |
| Minimum Loan Amount | \$100,000 |
| Number of Financed Properties | <ul style="list-style-type: none"> A single borrower can have no more than 20 financed properties including subject property. All properties in which the borrower is personally obligated must be included in the financed property maximum. For Arc Elite, Arc Access, Conventional Investment Property and FNMA/FHLMC Second Home-Investment Property Products, each borrower may not exceed either an aggregate unpaid principal balance amount of \$5MM or 10 loans (including the subject property) financed with Arc Home Loans. |
| Occupancy | Investment only |
| Prepayment Penalty | May be subject to up to a three-year prepayment penalty or the maximum permitted by state law, whichever is lower. |
| Property Types | <p>Eligible:</p> <ul style="list-style-type: none"> 1-4 unit (Detached, Semi Detached, Attached) PUD (Detached, Attached) Warrantable Condominium (Detached, Attached) Non-Warrantable Condominiums. Refer to the Arc Selling Guide for details. <p>Ineligible:</p> <ul style="list-style-type: none"> Rural Properties Refer to the Arc Selling Guide for ineligible property types. |
| Reserve Requirements | Reserve requirements are based on the PITIA of the subject property. <ul style="list-style-type: none"> Loan amount ≤ \$1,500,000: 6 months minimum reserves Loan amount > \$1,500,000: 9 months minimum reserves |
| Secondary Financing | Not allowed |
| Tax Transcripts | A signed 4506-C and IRS Tax Transcripts are not required during the loan process. |
| Transaction Types | <p>Eligible:</p> <ul style="list-style-type: none"> Purchase Rate Term Refinance Cash Out Refinance <p>Ineligible:</p> <ul style="list-style-type: none"> Delayed Financing Texas 50(a)(6) Rate Term and Cash Out refinances |
| Underwriting | Manual underwriting required. AUS not allowed. Refer to the Arc Selling Guide for complete program requirements. |

Product Names

| Full Principal and Interest Options | Interest Only Options |
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| 15 YR FIXED ACCESS DSCR | 30 YR FIXED IO ACCESS DSCR |
| 30 YR FIXED ACCESS DSCR | 5/6m SOFR ARM IO ACCESS DSCR |
| 5/6m SOFR ARM ACCESS DSCR | 7/6m SOFR ARM IO ACCESS DSCR |
| 7/6m SOFR ARM ACCESS DSCR | 30 YR FIXED IO ACCESS DSCR - 1 YR PREPAY PENALTY TERM |
| 15 YR FIXED ACCESS DSCR - 1 YR PREPAY PENALTY TERM | 5/6m SOFR ARM IO ACCESS DSCR - 1 YR PREPAY PENALTY TERM |



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| 30 YR FIXED ACCESS DSCR - 1 YR PREPAY PENALTY TERM 5/6m SOFR ARM ACCESS DSCR - 1 YR PREPAY PENALTY TERM 7/6m SOFR ARM ACCESS DSCR - 1 YR PREPAY PENALTY TERM 15 YR FIXED ACCESS DSCR - 2 YR PREPAY PENALTY TERM 30 YR FIXED ACCESS DSCR - 2 YR PREPAY PENALTY TERM 5/6m SOFR ARM ACCESS DSCR - 2 YR PREPAY PENALTY TERM 7/6m SOFR ARM ACCESS DSCR - 2 YR PREPAY PENALTY TERM 15 YR FIXED ACCESS DSCR - 3 YR PREPAY PENALTY TERM 30 YR FIXED ACCESS DSCR - 3 YR PREPAY PENALTY TERM 5/6m SOFR ARM ACCESS DSCR - 3 YR PREPAY PENALTY TERM 7/6m SOFR ARM ACCESS DSCR - 3 YR PREPAY PENALTY TERM | 7/6m SOFR ARM IO ACCESS DSCR - 1 YR PREPAY PENALTY TERM 30 YR FIXED IO ACCESS DSCR - 2 YR PREPAY PENALTY TERM 5/6m SOFR ARM IO ACCESS DSCR - 2 YR PREPAY PENALTY TERM 7/6m SOFR ARM IO ACCESS DSCR - 2 YR PREPAY PENALTY TERM 30 YR FIXED IO ACCESS DSCR - 3 YR PREPAY PENALTY TERM 5/6m SOFR ARM IO ACCESS DSCR - 3 YR PREPAY PENALTY TERM 7/6m SOFR ARM IO ACCESS DSCR - 3 YR PREPAY PENALTY TERM |
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