



# Arc Access Alternative Income

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# Arc Access Alt Income 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
- **Asset Utilization and No Ratio:** Unique qualification for borrowers who have assets, but not income
- **ITIN:** Qualify self-employed and wage earner borrowers with an individual tax ID





# Bank Statements, One Year Full Doc & 1099 Income

- 90% LTV available with 660 FICO
- Loan amount to \$3MM
- DTI up to 50%
- Available for Primary Residence, Second Home, and Investment
- First Time Home Buyers allowed with 660 FICO
- Interest Only option





# Who are your borrowers?

Contractors



Business Owners



Doctors



Gig Economy



Retail Store Owners





# How do you qualify?

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## Bank Statements

- Average of 12 or 24 months of bank statement deposits
- Personal and business account options available
- Two years self-employment 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 paystub covering at least 30 days



## 1099 Income

- Self-Employed
  - 12- or 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 (12 or 24 months) 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:

Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, IT

### Product Business Examples:

Retail, Manufacturing, Food Services/Restaurants, Contracting/Construction

## 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





# Asset Utilization

- Up to 80% LTV for Purchase and Rate/Term
- Minimum 660 FICO
- Up to \$3,000,000 loan amount
- 40% maximum DTI
- Available for Primary Residence, Second Home, and Investment
- May be combined with other Non-QM programs to supplement income
- 4506-T validation is not required





# Asset Utilization – Overview

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- Financial assets seasoned and documented at least **four (4)** months
- Used to qualify as either:
  - Sole source of income, **OR**
  - Supplement to other types of qualifying income
- Loan must conform with eligibility parameters of Alt Income source that contributes the highest portion of qualifying income
- Send in your asset statements, and we will calculate for you!







# Asset Utilization – Qualifying Income

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- Asset profile reviewed over 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 **36**





# No Ratio

- Up to 70% LTV for Purchase and Rate/Term
- Minimum 640 FICO
- No DTI or income calculation – qualify on asset balance
- Available for Primary Residence, Second Home, and Investment
- 4506-T validation is not required





# No Ratio – How do you qualify?

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

## **\*Total 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**

- The sum of the Total Qualified Assets\* must be greater than the sum of:
  - The new loan amount;
  - Down payment;
  - Closing costs;
  - Required reserves; and
  - Five (5) years of current monthly obligations





# Borrower Eligibility

(Bank Statements, One Year Full Doc, 1099 Income, Asset Utilization, No Ratio)

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- US Citizen
- Permanent Resident Alien
  - Front/back copy of Alien Registration Receipt Card I-551 (“Green Card”)
- Non-Permanent Resident Alien
  - Eligibility restrictions apply – refer to program matrix and/or Selling Guide
  - Valid SSN, passport, and acceptable Visa classification required
- First Time Home Buyer
  - Refer to program matrix for eligibility



# Qualifying Credit

(Bank Statements, One Year Full Doc, 1099 Income, Asset Utilization, No Ratio)

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## ✓ Credit History Requirements

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

## ✓ Tradeline 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



ITIN

- LTV up to 75%
- 680 minimum credit score
- Up to \$1,000,000 loan amount
- 50% maximum DTI
- Refer to the Alt Income Matrix





# ITIN – Borrower Eligibility

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## What is an ITIN?

- A tax processing number issued by the IRS to individuals who are required to have a US taxpayer identification number, but **do not have and are not eligible to obtain a Social Security Number.**

## Borrower Eligibility

- Co-borrower(s) with a SSN allowed
- Power of Attorney (POA) not allowed
- Non-occupant co-borrower not allowed

## Identification Requirements

- Valid US ID and copy of ITIN assignment document required





# ITIN – Credit

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## Credit History Requirements

- 0x30x12 mortgage/rental history
- Credit events seasoned > 48 months
- US credit pulled with borrower's ITIN

## Tradeline Requirements – Two Qualifying Options

1. Minimum of **three (3)** credit trades reviewed for at least **24 months**
2. Minimum of **four (4)** credit trades reviewed for at least **12 months**







# ITIN – Income

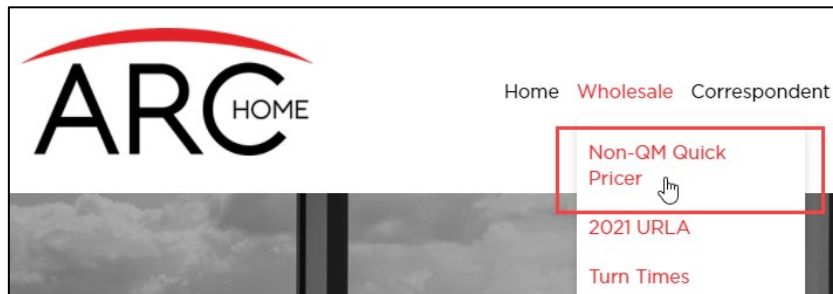
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- Minimum 2-year employment history required
- **Wage Earner** documented with WVOE **and either**:
  - 6 months bank statements supporting pay deposits in line with WVOE; **OR**
  - Current paystub(s) with YTD earnings and 2 years W-2s reflecting ITIN
- **Self-Employed** documented with:
  - Evidence of self-employed business for at least 2 years; **and**
  - 24 months bank statements

# Arc Access Non-QM Quick Pricer



business.archomellc.com



## Non-QM Quick Pricer

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 %
Loan Amount	\$ Loan Amount	Citizenship	US Citizen
LTV	LTV ex. 80 %	ITIN	No

See Results

# Arc Home – Deal Desk



Visit [business.archomellc.com](https://business.archomellc.com) to submit your income to Arc Home today!

The screenshot shows the Arc Home logo on the left, 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", and "Become a Partner". The "Deal Desk" item is highlighted in red. Below the navigation menu is a white button with a red border. The button contains two lines of text: "Scenario Request" and "Exception Request". A mouse cursor icon is positioned over the "Scenario Request" text.



## Why Partner with Arc Home?

- We beat any rate on like Non-QM products and scenario comparison!
- Income calculators take the guess work out of what income can be used
- Attract a diverse base of referral sources with our broad range of products
- Marketing: We partner with you and offer white label marketing materials
- Ease of use: Utilize the same online portal for all your loans at Arc Home
  - Agency, Government, Jumbo, Non-QM – Wholesale and Correspondent



# 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 a mouse cursor is 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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