

CUSTOMER ANNOUNCEMENT

CA 2020-06 | May 26, 2020

► COVID-19 — Temporary Underwriting Requirements for Borrowers with Existing Mortgages

Fannie Mae and Freddie Mac have announced updates to the COVID-19-related temporary requirements. Fannie Mae updated Lender Letter LL-2020-03 and Freddie Mac issued Bulletin 2020-17. See the links below for the Agencies' communications.

These updates address requirements for borrowers with an existing mortgage. The following is Arch MI's position for these temporary requirements:

Documentation of Existing Mortgage Payment History

Arch MI **will align** with the Agencies' requirement for lenders to continue to review the borrower's credit report **and** apply additional due diligence for each mortgage loan on which the borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction. This alignment applies to **all loans** eligible for mortgage insurance. See the Agencies' communications for details.

Eligibility for Borrowers Granted a COVID-19-Related Forbearance

Arch MI will align with the Agencies' temporary eligibility requirements for borrowers who have been granted a COVID-19-related forbearance on any of their existing mortgage loans when the new loan is a:

- Rate/term refinance for which Arch MI insures the existing loan (regardless of loan amount or occupancy type).
- Purchase or rate/term refinance (when Arch MI does not insure the existing loan) of a primary residence up to the FHFA maximum loan amount for the geographical area.

This alignment applies regardless of whether the loan is being sold to one of the Agencies, a different investor or being held in the lender's portfolio.

The lender will be responsible for ensuring that the additional due diligence required for the borrower's existing mortgage loans is documented and included in the final loan package. This applies to both delegated and non-delegated MI applications.

New loans with any of the following features will be **ineligible** for mortgage insurance when the borrower has been granted a COVID-19-related forbearance on **any** of their existing mortgage loans (unless the new loan is a rate/term refinance of an Arch MI-insured loan):

- Loan amounts greater than the FHFA maximum loan amount for the geographical area.
- Cash-out refinance.
- Second home.
- Investment property.

Links to the Agency Communications:

Fannie Mae	Freddie Mac
Impact of COVID-19 on Originations <u>Lender Letter LL-2020-03</u>	Selling Guidance Related to COVID-19 <u>Bulletin 2020-17</u>

Arch MI will continue to issue communications as this situation evolves. At this time, our published Underwriting Manual will not be updated. Effective immediately, you may underwrite using the information in this announcement.

For more information, contact your [Arch MI Account Manager](#).