

EFFECTIVE MARCH 1, 2022

# Credit Union Standard Underwriting Requirements Quick Reference and Overlays

For loans not qualifying under our EZ Decisioning<sup>SM</sup> (DU<sup>®</sup>/Loan Product Advisor<sup>®</sup>) requirements.

Arch MI's Credit Union Standard Underwriting Requirements Quick Reference provides an overview of general eligibility limits for loans and overlays with Agency requirements.

## LTV, Loan Amount, Credit Score and DTI Requirements

The LTV/Loan Amount/Credit Score/DTI requirements below apply to both delegated and non-delegated submissions.

Occupancy	Transaction Type	Property Type	Maximum		Maximum Loan Amount	Minimum Credit Score	Maximum DTI
			LTV	CLTV <sup>1</sup>			
Primary Residence	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	97% <sup>2</sup>	105% <sup>3</sup>	\$647,200 <sup>4</sup>	620	45%
			95.01–97% <sup>2</sup>	97% <sup>5</sup>	\$647,201–\$970,800	620	
			95%	100% <sup>3</sup>	\$647,201–\$970,800	620	
		Manufactured Homes <sup>6</sup>	90%	90%	\$647,200 <sup>4</sup>	680	
		2-Unit	95%	100% <sup>5</sup>	\$1,243,050	660	
		3-Unit	90%	90% <sup>5</sup>	\$1,001,650	660	
	4-Unit	90%	90% <sup>5</sup>	\$1,244,850	660		
	Cash-Out Refinance	1-Unit, SFD/SFA, Condos, Co-ops	95%	95% <sup>5</sup>	\$970,800	660	
Second Home	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	90%	90% <sup>5</sup>	\$970,800	660	
		Manufactured Homes <sup>6</sup>	90%	90% <sup>5</sup>	\$647,200 <sup>4</sup>	700	
Investment Property	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	85%	85% <sup>5</sup>	\$970,800	680	
<b>Construction-to-Permanent Loans</b>							
Primary Residence	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Detached Condos	95%	95% <sup>5</sup>	\$970,800	620	45%
		Manufactured Homes <sup>6</sup>	90%	90% <sup>5</sup>	\$647,200 <sup>4</sup>	680	
Second Home	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Detached Condos	90%	90% <sup>5</sup>	\$970,800	660	
		Manufactured Homes <sup>6</sup>	90%	90% <sup>5</sup>	\$647,200 <sup>4</sup>	700	

Continued on Next Page

EFFECTIVE MARCH 1, 2022

Occupancy	Transaction Type	Property Type	Maximum		Maximum Loan Amount	Minimum Credit Score	Maximum DTI
			LTV	CLTV <sup>1</sup>			
Renovation Loans							
Primary Residence	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	95%	105% <sup>3</sup>	\$647,200 <sup>4</sup>	620	45%
			95%	100% <sup>3</sup>	\$647,201–\$970,800		
		2-Unit	95%	100% <sup>3</sup>	\$1,243,050	660	
Second Home	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	90%	90% <sup>5</sup>	\$970,800	660	
Loan Amounts \$970,801–\$1,500,000 for 1-Unit Properties <sup>7</sup>							
Primary Residence (Delegated)	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos	85%	85% <sup>5</sup>	\$970,801–\$1,500,000 <sup>8</sup>	740 <sup>9</sup>	41% <sup>9</sup>
Primary Residence (Non-Delegated)	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos	90%	90% <sup>5</sup>	\$970,801–\$1,500,000 <sup>8</sup>	720 <sup>9</sup>	43% <sup>9</sup>

<sup>1</sup> Subordinate financing requirements in section 3.03.03 of our Credit Union Underwriting Manual (the Manual) must be met.

<sup>2</sup> Balloon mortgages are ineligible for LTVs > 95%.

<sup>3</sup> When the CLTV is greater than the maximum LTV, the subordinate financing must meet Fannie Mae's Community Seconds<sup>®</sup> or Freddie Mac's Affordable Seconds<sup>®</sup> requirements. The loan must be identified as an Affordable Housing loan within the MI submission.

<sup>4</sup> \$970,800 for properties located in AK or HI.

<sup>5</sup> New subordinate financing is **ineligible**.

<sup>6</sup> The following are **ineligible** for manufactured homes:

- Single-wide properties.
- Renovation loans.
- Investment properties.

See section 3.14.04 of the Manual for specific requirements for manufactured home eligibility.

<sup>7</sup> ARMs < 5 years, temporary buydowns, balloon mortgages, biweekly mortgages, construction-to-permanent loans and renovation loans are **ineligible** for these loan amounts.

<sup>8</sup> See section 3.03.01.02 of the Manual for additional underwriting requirements for these loan amounts.

<sup>9</sup> The credit score and DTI variances described in section 3.03. of the Manual do not apply.

These underwriting requirements are not all-inclusive; see Arch MI's Credit Union Underwriting Manual **(the Manual)** for additional information. A list of common overlays to the Agencies can be found on the next page.

## How Arch MI's Credit Union Standard Underwriting and Agency Requirements Differ:

This summary provides some common differences between Arch MI's Standard Underwriting Requirements and Agency requirements. **This list is not all-inclusive** and is subject to change based on announcements from Fannie Mae, Freddie Mac or Arch MI.

Overlays to Agency Requirements			
Acreage	Maximum 15 acres.		
Construction-to-Permanent	<ul style="list-style-type: none"> <li>1-unit primary residence (maximum 95% LTV) or second home (maximum 90% LTV) only.</li> <li>Ineligible:               <ul style="list-style-type: none"> <li>Non-traditional credit.</li> <li>New subordinate financing.</li> <li>2-4 unit properties.</li> <li>Investment properties.</li> <li>Attached condos.</li> <li>Co-ops.</li> <li>Cash-out refinances.</li> </ul> </li> </ul>		
Credit	<ul style="list-style-type: none"> <li>A member who was a debtor on a loan for which Arch MI paid a claim is ineligible.</li> </ul>		
Documentation	<ul style="list-style-type: none"> <li>Documentation efficiencies granted by DU or Loan Product Advisor are ineligible when the loan receives an ineligible purchase decision (unless the ineligible decision is due to having no first-time homebuyers on the loan).</li> </ul>		
Minimum Borrower Contribution (from own funds)	<table border="0"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>1-unit primary residence:               <ul style="list-style-type: none"> <li>Loan amounts up to \$970,800: 3%. Gifts/Grants may be used to satisfy the minimum member contribution for the following:                   <ul style="list-style-type: none"> <li>Maximum 97% LTV for loan amounts up to \$647,200.*</li> <li>Maximum 95% LTV for loan amounts up to \$970,800.</li> </ul> </li> </ul> </li> <li>Manufactured homes: 3%.</li> <li>Members using non-traditional credit: 3%.</li> <li>2-unit primary residence:               <ul style="list-style-type: none"> <li>80.01-85% LTV: 3%.</li> <li>85.01-95% LTV: 5%.</li> </ul> </li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Second homes: 5%.</li> <li>All contributions (with the exception of allowable seller/interested-party contributions) must come from the member's own funds for the following:               <ul style="list-style-type: none"> <li>1-unit primary residences with loan amounts \$970,801 to \$1,500,000.</li> <li>3- to 4-unit primary residences.</li> <li>Investment property.</li> </ul> </li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>1-unit primary residence:               <ul style="list-style-type: none"> <li>Loan amounts up to \$970,800: 3%. Gifts/Grants may be used to satisfy the minimum member contribution for the following:                   <ul style="list-style-type: none"> <li>Maximum 97% LTV for loan amounts up to \$647,200.*</li> <li>Maximum 95% LTV for loan amounts up to \$970,800.</li> </ul> </li> </ul> </li> <li>Manufactured homes: 3%.</li> <li>Members using non-traditional credit: 3%.</li> <li>2-unit primary residence:               <ul style="list-style-type: none"> <li>80.01-85% LTV: 3%.</li> <li>85.01-95% LTV: 5%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Second homes: 5%.</li> <li>All contributions (with the exception of allowable seller/interested-party contributions) must come from the member's own funds for the following:               <ul style="list-style-type: none"> <li>1-unit primary residences with loan amounts \$970,801 to \$1,500,000.</li> <li>3- to 4-unit primary residences.</li> <li>Investment property.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>1-unit primary residence:               <ul style="list-style-type: none"> <li>Loan amounts up to \$970,800: 3%. Gifts/Grants may be used to satisfy the minimum member contribution for the following:                   <ul style="list-style-type: none"> <li>Maximum 97% LTV for loan amounts up to \$647,200.*</li> <li>Maximum 95% LTV for loan amounts up to \$970,800.</li> </ul> </li> </ul> </li> <li>Manufactured homes: 3%.</li> <li>Members using non-traditional credit: 3%.</li> <li>2-unit primary residence:               <ul style="list-style-type: none"> <li>80.01-85% LTV: 3%.</li> <li>85.01-95% LTV: 5%.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Second homes: 5%.</li> <li>All contributions (with the exception of allowable seller/interested-party contributions) must come from the member's own funds for the following:               <ul style="list-style-type: none"> <li>1-unit primary residences with loan amounts \$970,801 to \$1,500,000.</li> <li>3- to 4-unit primary residences.</li> <li>Investment property.</li> </ul> </li> </ul>		
Property	<ul style="list-style-type: none"> <li>Single-wide manufactured homes are ineligible.</li> <li>Property Flips: If the seller has owned the property less than 180 days from the date of the purchase contract and the new sales price is higher than the price paid by the seller to acquire the property, the increase must be fully documented and explained.</li> </ul>		
Reserves	<table border="0"> <tr> <td style="vertical-align: top;"> <p><b>DU Approve/Eligible or Loan Product Advisor Accept/Eligible</b></p> <ul style="list-style-type: none"> <li>6 months' PITIA for the following:               <ul style="list-style-type: none"> <li>3- to 4-unit properties.</li> </ul> </li> </ul> </td> <td style="vertical-align: top;"> <p><b>Loans without a DU Approve/Eligible or Loan Product Advisor Accept/Eligible</b></p> <ul style="list-style-type: none"> <li>6 months' PITIA for the following:               <ul style="list-style-type: none"> <li>2- to 4-unit, second homes, investment property (subject property only).</li> </ul> </li> </ul> </td> </tr> </table>	<p><b>DU Approve/Eligible or Loan Product Advisor Accept/Eligible</b></p> <ul style="list-style-type: none"> <li>6 months' PITIA for the following:               <ul style="list-style-type: none"> <li>3- to 4-unit properties.</li> </ul> </li> </ul>	<p><b>Loans without a DU Approve/Eligible or Loan Product Advisor Accept/Eligible</b></p> <ul style="list-style-type: none"> <li>6 months' PITIA for the following:               <ul style="list-style-type: none"> <li>2- to 4-unit, second homes, investment property (subject property only).</li> </ul> </li> </ul>
<p><b>DU Approve/Eligible or Loan Product Advisor Accept/Eligible</b></p> <ul style="list-style-type: none"> <li>6 months' PITIA for the following:               <ul style="list-style-type: none"> <li>3- to 4-unit properties.</li> </ul> </li> </ul>	<p><b>Loans without a DU Approve/Eligible or Loan Product Advisor Accept/Eligible</b></p> <ul style="list-style-type: none"> <li>6 months' PITIA for the following:               <ul style="list-style-type: none"> <li>2- to 4-unit, second homes, investment property (subject property only).</li> </ul> </li> </ul>		

\*\$970,800 for properties located in AK or HI.

**Complete underwriting requirements and loan submission procedures are available on our website, [archmicu.com/guidelines](https://archmicu.com/guidelines).**