

# Reduced Coverage Medical and Dental Professionals Program

Effective June 7, 2021



Arch MI's Reduced Coverage Program provides expanded underwriting requirements for borrowers whose professions indicate strong earning potential with high debt-to-income (DTI) ratios due to student loans and/or employment beginning post-closing. In addition, it also offers 100% LTV and reduced MI coverage options.

BENEFITS	ELIGIBLE PROFESSIONALS	
<ul style="list-style-type: none"> <li>No borrower-paid mortgage insurance.</li> <li>100% financing up to \$750,000.</li> <li>Reserves as low as two months.</li> <li>Employment may begin up to 90 days after closing.</li> <li>Student debt is excluded for any eligible professional with 12 months deferment or forbearance.</li> </ul>	<ul style="list-style-type: none"> <li>Medical Resident.</li> <li>Medical Fellow.</li> <li>Medical Doctor (MD).</li> <li>Doctor of Dental Surgery (DDS).</li> <li>Doctor of Dental Medicine (DMD).</li> <li>Doctor of Optometry (OD).</li> </ul>	<ul style="list-style-type: none"> <li>Doctor of Ophthalmology (MD).</li> <li>Doctor of Podiatric Medicine (DPM).</li> <li>Doctor of Osteopathy (DO).</li> <li>Pharmacist (RPh).*</li> <li>Chiropractor (DC).**</li> <li>Doctor of Veterinary Medicine.</li> </ul>

\* A pharmacist must have a PharmD to be eligible for LTVs > 97%.  
 \*\* Chiropractors are ineligible for LTVs > 97%.

## MI PRICING AND COVERAGES AVAILABLE

- RateStar<sup>SM</sup> pricing, Lender-Paid (LPMI) Singles only.
  - Available Coverage:
    - 97.01–100% LTV — 12%.
    - 95.01–97% LTV — 8%.
    - 90.01–95% LTV — 6%.
  - MI coverage will be terminated by Arch MI upon the earlier of the scheduled or actual amortization of the loan amount down to an LTV less than 90%.
    - Prior to participation in the program, the lender must execute an acknowledgement form directing Arch MI to cancel coverage at the designated LTV level. Please contact your **Account Manager** to obtain the form.

- This program has not been approved for lenders with home offices in the following states: AK, HI, NY, OH and WA.
- This program is designed for portfolio lenders only as the reduced coverage and early cancellation of coverage do not meet Agency MI requirements.

## GENERAL INFORMATION

- When submitting a loan for MI or requesting a rate you must enter the program name: **Reduced Coverage Medical/Dental Program**.
- No exceptions** to this program's requirements are allowed.

## LTV/Loan Amount/Credit Score/DTI Requirements

RateStar Pricing Only							
OCCUPANCY	TRANSACTION TYPE	PROPERTY TYPE	MAXIMUM LTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE <sup>1</sup>	MAXIMUM DTI <sup>1</sup>	PITIA RESERVES <sup>2</sup>
Primary Residence (only)	Purchase or Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	97.01–100% <sup>3,4</sup> Non-Delegated Only	\$500,000	720	43%	2 Months
				\$500,001–\$750,000	740	43%	2 Months
			90.01–97%	\$500,000	620	45%	2 Months
				\$500,001–\$750,000	680	45%	2 Months
			90.01–95%	\$750,001–\$850,000	700	45%	4 Months

<sup>1</sup> The 5% DTI variance and 10-point credit score variance as addressed in section 3.03 of the Underwriting Manual are allowed for LTVs ≤ 97% only.  
<sup>2</sup> See Additional Reserves below.

<sup>3</sup> Pharmacists without a PharmD and Chiropractors are ineligible for LTVs > 97%.

<sup>4</sup> Construction-to-permanent loans and renovation loans are ineligible for LTVs > 97%.

# Additional Underwriting Requirements

## STUDENT LOAN DEBT

- Student loan debt belonging to the borrower with the eligible profession may be excluded from the DTI calculation with documentation to evidence deferment or forbearance for at least 12 months after the MI application date. Student loan debt for all other borrowers must be included in the DTI.
- **Medical resident only:** Medical residents with a minimum of 6 months' residency remaining may use the alternative documentation listed below as evidence the student loan will be in deferment for at least 12 months:
  - Letter from employer verifying the medical resident's start date, or
  - Letter from the employer verifying at least 6 months' residency remaining.

## POST-CLOSING EMPLOYMENT START DATE

Employment for the borrower with the eligible profession may begin up to 90 days after loan closing when:

- There is a non-contingent, fully executed (accepted) employment contract or offer letter documented in the loan file.
- There is a verbal Verification of Employment (VOE) conducted to confirm authenticity of the employment documentation prior to closing.

## MINIMUM BORROWER CONTRIBUTION

- 3% for loans up to \$750,000. Not applicable for loans with an LTV 97.01–100%.

- 5% for loan amounts greater than \$750,000.
- Gifts/grants may be used to satisfy the minimum borrower contribution when all of the following are met:
  - Maximum \$750,000 loan amount.
  - Minimum 740 credit score.
  - Maximum 41% DTI.
  - Fixed-rate/fixed-payment or ARMs greater than 5 years only.

## ADDITIONAL RESERVES

- When employment begins **post-closing**, the following additional reserve requirement applies:
  - Reserves are required for each month after the Note date until employment begins.

## OTHER REQUIREMENTS

- All borrowers must have a credit score.
- Construction-to-permanent loans and renovation loans:
  - Maximum 97% LTV.
- **Ineligible:**
  - Desktop Underwriter® and Loan Product Advisor® documentation efficiencies. Manual documentation required.
  - Non-occupant borrowers.
  - Subordinate financing.
  - EZ Decisioning<sup>SM</sup> requirements.
  - Manufactured homes.

This document provides an overview of the underwriting requirements for the Reduced Coverage Medical and Dental Professional Programs. Any underwriting requirement not mentioned within this document will defer to the Arch MI Standard Underwriting Requirements, see Section 3 of the **Arch MI Underwriting Manual** for details at [archmi.com](http://archmi.com).