

Reduced Coverage Medical and Dental Professionals Program

Effective January 24, 2024



Arch MI's Reduced Coverage Program provides expanded underwriting requirements for members whose professions indicate strong earning potential but who may also have 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"> No borrower-paid mortgage insurance. 100% financing up to \$850,000. Reserves as low as two months. Employment may begin up to 90 days after closing. Student debt is excluded for any eligible professional with 12 months deferment or forbearance. 	<ul style="list-style-type: none"> Medical Resident. Medical Fellow. Medical Doctor (MD). Doctor of Dental Surgery (DDS). Doctor of Dental Medicine (DMD). Doctor of Optometry (OD). 	<ul style="list-style-type: none"> Doctor of Ophthalmology (MD). Doctor of Podiatric Medicine (DPM). Doctor of Osteopathy (DO). Pharmacist (RPh). Chiropractor (DC). Doctor of Veterinary Medicine.

MI PRICING AND COVERAGES AVAILABLE

- RateStar® 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 credit union 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 credit unions with home offices in the following states: AK, HI, NY, OH and WA.
- This program is designed for portfolio credit unions 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 ¹	PROPERTY TYPE	MAXIMUM LTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE ²	MAXIMUM DTI ²	PITIA RESERVES ³
Primary Residence (only)	Purchase or Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops	97.01%–100% ⁴ Non-Delegated Only	\$650,000	720	43%	2 Months
				\$650,001–\$850,000	740		
			90.01%–97%	\$850,000	620	45%	
				\$850,001–\$1,000,000	680		
90.01%–95%	\$1,000,001–\$1,250,000 ⁴	700	45%	6 Months			

¹ Construction-to-perm and renovation loans are also included.

² 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% and loan amounts ≤ \$1,149,825 only.

³ See Additional Reserves below.

⁴ Construction-to-permanent loans and renovation loans are ineligible for LTVs > 97% and loan amounts > \$1,149,825.

Additional Underwriting Requirements

STUDENT LOAN DEBT

- Student loan debt belonging to the member 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 members 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 member with the eligible profession may begin up to 90 days after loan closing when:

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

MINIMUM MEMBER CONTRIBUTION

- 97.01%–100% LTV — No minimum contribution required.
- Loan amounts up to \$850,000 — 3% minimum member contribution.

- Gifts/grants may be used to satisfy the minimum member contribution when all of the following are met:
 - Maximum \$850,000 loan amount.
 - Minimum 740 credit score.
 - Maximum 41% DTI.
 - Fixed-rate/fixed-payment or ARMs greater than 5 years only.
- Loan amounts > \$850,000 — All funds must come from member.

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 members must have a credit score.
- Construction-to-permanent loans and renovation loans:
 - Maximum 97% LTV.
 - Maximum \$1,149,825 loan amount.
- **Ineligible:**
 - Desktop Underwriter® and Loan Product Advisor® documentation efficiencies. Manual documentation required.
 - Non-occupant members.
 - Subordinate financing.
 - EZ DecisioningSM 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 Credit Union Underwriting Manual** for details at archmicu.com.