

CUSTOMER ANNOUNCEMENT

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► Introducing our New Arch Mortgage Guaranty Company Credit Union Underwriting Manual—Effective September 10, 2018

Arch Mortgage Guaranty Company (AMGC) is introducing a new Credit Union Underwriting Manual (the UW Manual) effective for AMGC MI submissions received on or after September 10, 2018.

The UW Manual has been completely revised with expansions in many areas and updates to numerous topics for consistency or further clarification. We encourage you to review the entire document.

Some of the major enhancements are as follows:

- The Portfolio Program and Super Jumbo Program have been combined into one new Portfolio Program. See Supplement 1 attached.
- Loan eligibility for the Portfolio Program has expanded and will be based on the mortgage insurance premium pricing structure (RateStarSM pricing or Rate Card pricing) your credit union has chosen at the corporate level. This is determined by AMGC systems based on the credit union's Master Policy number and **is not variable on a loan-level basis**. See Supplement 1 attached for the details specific to LTV/Loan Amount/Credit Score/DTI features for the Portfolio Program.
- All other non-specific program requirements within this UW Manual will apply to insurance applications, regardless of pricing.
- The Medical and Dental Professionals Program is now available to all AMGC Master Policy holders and has been added to the UW Manual. New expansions have been made to the previous program that was available on a variance basis only. See Supplement 2 attached.
- The Community Program introduced on May 8, 2018, was added to the UW Manual.
- The existing Credit Union Underwriting Summary for AMGC has been retired and replaced with an AMGC Credit Union Underwriting Quick Reference.
- We have made it clear throughout the AMGC Credit Union UW Manual that loans that meet the **published Arch MI credit union underwriting requirements** will also be eligible under a credit union's AMGC Master Policy and will not be subject to the AMGC requirements. This **does not** include loans approved under a variance for Arch MI. Loans that meet the AMGC credit union underwriting requirements are not necessarily eligible for mortgage insurance under a credit union's Arch MI Master Policy.

We have the following statement located several places within the Credit Union UW Manual to help emphasize this point.

AMGC is an affiliate of Arch Mortgage Insurance Company (Arch MI). It is important to note that any loan that meets the published Arch MI credit union underwriting requirements is eligible for insurance by AMGC when submitted non-delegated (full file), provided the credit union has an AMGC Master Policy and understands AMGC-insured loans are not saleable to Fannie Mae, Freddie Mac or the Federal Home Loan Bank system. AMGC loans which meet the Arch MI published requirements are not subject to additional requirements or restrictions contained within this Manual. Co-mingling of Arch MI and AMGC credit union underwriting requirements are not allowed – the submitted loan must meet one or the other entirely.

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

LTV/Loan Amount/Credit Score/DTI Requirements

OCCUPANCY	LOAN PURPOSE	PROPERTY TYPE	MAXIMUM LTV/CLTV	RATESTAR PRICING			RATE CARD PRICING		
				MAXIMUM LOAN MOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI	MAXIMUM LOAN MOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI
Primary Residence	Purchase or Rate/Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	97%/97%	\$850,000	620	50%	\$850,000	660	45%
			95%/95%	\$850,001 –\$1,000,000	660	45%	\$850,001 –\$1,000,000	720	43%
			90%/90%	\$1,000,001 –\$1,500,000	660	45%	\$1,000,001 –\$1,500,000	720	43%
			85%/85%	\$1,500,001 –\$2,500,000	660	45%	\$1,500,001 –\$2,000,000	720	43%
		Manufactured Homes	95%/95%	\$700,000	660	45%	\$700,000	720	45%
			90%/90%				\$500,000	680	45%
		2 Units	95%/95%	\$750,000	620	50%	\$750,000	660	45%
		3 Units	90%/90%	\$750,000	660	50%	\$750,000	660	45%
		4 Units	90%/90%	\$900,000	660	50%	\$900,000	680	45%
	Cash-Out Refinance (Max \$250,000)	1-Unit SFD/SFA, Condos, Co-ops ¹	95%/95%	\$700,000	620	50%	\$700,000	660	45%
			85%/85%	\$700,001 –\$1,000,000	680	41%	\$700,001 –\$1,000,000	740	41%
		2 Units	90%/90%	\$650,000	620	45%	\$650,000	660	45%
Second Home	Purchase or Rate/Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	90%/90%	\$850,000	660	50%	\$850,000	700	45%
			85%/85%	\$850,001 –\$1,000,000	700	45%	\$850,001 –\$1,000,000	740	45%
	Cash-Out Refinance (Max \$200,000)	1-Unit SFD/SFA, Condos, Co-ops ¹	85%/85%	\$650,000	700	45%	\$650,000	740	45%
Investment	Purchase or Rate/Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	90%/90%	\$750,000	680	45%	\$750,000	700	43%

Construction-to-Permanent and Renovation Loans

OCCUPANCY	LOAN PURPOSE	PROPERTY TYPE	MAXIMUM LTV/CLTV	RATESTAR PRICING			RATE CARD PRICING		
				MAXIMUM LOAN MOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI	MAXIMUM LOAN MOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI
Primary Residence	Purchase or Rate/Term Refinance	1-Unit SFD/SFA (Renovation includes Condos and Co-ops ¹)	97%/97%	\$500,000	680	45	\$500,000	680	45%
			95%/95%	\$850,000	620	45	\$850,000	660	45%
			90%/90%	\$850,001 –\$1,000,000	660	45	\$1,000,000	720	45%
		2 Units	95%/95%	\$750,000	680	45	\$750,000	720	45%
Second Home	Purchase or Rate/Term Refinance	1-Unit SFD/SFA (Renovation includes Condos and Co-ops ¹)	90%/90%	\$850,000	660	45	\$850,000	700	45%

¹ Co-op eligibility limited to the states of CT, DC, IL, MA, MD, NH, NJ, NY and VA.

The AMGC Medical and Dental Professionals program is designed to recognize the unique characteristics of these members. The program takes into account the potential increasing income as they advance in their chosen specialty and understands the consideration of their student debt burden and the eligibility to defer repayment.

Members who are currently practicing (or who will begin practicing within 60 days of closing) in one of the eligible professions below and meet the subsequent requirements are eligible for the exclusion of deferred student loan payments from the DTI ratio calculation and/or employment to begin post-closing.

The following requirements do not apply when the deferred student loan payments are used in the DTI calculation and the member is starting employment prior to closing.

LTV/Loan Amount/Credit Score/DTI Requirements

Eligible Loan Types – Fixed-Rate/Fixed-Payment and ARMs

RateStar SM and Rate Card Pricing							
OCCUPANCY	TRANSACTION TYPE ¹	PROPERTY TYPE	MAXIMUM LTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI	PITIA RESERVES ²
Primary Residence	Purchase or Rate/Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ³	97%	\$650,000	680	45%	2 Months
			95%	\$650,001–\$850,000	700	45%	4 Months
			90%	\$850,001–\$1,000,000	720	41%	6 Months

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

² See "Additional Reserves" below.

³ Co-op eligibility limited to the states of CT, DC, IL, MA, MD, NH, NJ, NY and VA.

Additional Underwriting Requirements

The following additional underwriting requirements apply to the Medical and Dental Professionals Program.

Eligible Professions:

- Medical resident.
- Medical doctor (MD).
- Doctor of Dental Science (DDS).
- Doctor of Dental Medicine (DMD) and dental surgeons specializing in oral and maxillofacial surgery.
- Doctor of Optometry (OD).
- Doctor of Ophthalmology (MD).
- Doctor of Podiatric Medicine (DPM).
- Doctor of Osteopathy (DO).
- Chiropractor (DC).
- Pharmacist (RPH).

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.

- 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 60 days after loan closing when:

For Credit Unions

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

Minimum Member Contribution:

- 3% for loans up to \$650,000.
- 5% for loan amounts > \$650,000.
- After member's minimum contribution is met, all other funds may come from gifts or grants.

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.

Co-Borrowers:

- For co-borrowers not employed in one of the eligible professions:
 - Their deferred student loan payments must be included in the DTI calculation (if applicable);
 - They may not start employment post-close.

Other Requirements:

- All other AMGC underwriting requirements apply.
- Ineligible:
 - Desktop Underwriter® or Loan Product Advisor® documentation efficiencies.
 - Subordinate financing.
 - Interest-Only Program loans.
 - Community Program loans.
 - Loan amounts > \$1,000,000.
 - Non-occupant members.
 - Manufactured homes.