

## CUSTOMER ANNOUNCEMENT

CUA 2019-01-AMGC | February 14, 2019

### ► Arch Mortgage Guaranty Company – Expansions to the AMGC Community Program and Miscellaneous Underwriting Manual Updates – Effective February 14, 2019

Arch Mortgage Guaranty Company (AMGC) is expanding our AMGC Community Program and making the following additional changes to the AMGC underwriting requirements effective for MI submissions received on or after February 14, 2019. The [AMGC Credit Union Underwriting Manual \(UW Manual\)](#) and all supporting documents have been updated.

#### AMGC Community Program:

The **AMGC Community Heroes** segment of the program has been expanded as follows.

See section 3.4.2:

- To allow at least one member on the loan to be employed either part-time or full-time in one of the eligible professions (see exception for military personnel).
- The eligible professions will be expanded to include:
  - Any employee of one of these organizations:
    - Public or private educational institution.
    - Fire Department.
    - Federal, state or local government law enforcement agency.
  - Nurses (all designations including a Certified Nursing Assistant [CNA]).
  - Active or former military personnel will qualify when at least one member documents one of the following:
    - Current income derived from active duty or military retirement; or
    - Military service with DD Form 214 – Certificate of Release or Discharge from Active Duty (dishonorable discharge is ineligible); or
    - Eligibility for a Veterans Administration (VA) mortgage with a current VA Certificate of Eligibility.
- Emergency medical technicians (EMTs) and paramedics will continue to remain eligible.

There are no changes to the **AMGC Community Experts** segment of the program.

#### Portfolio Program Loan Amount, Credit Score and Debt-to-Income Ratio Changes:

The following loan amount, credit score and DTI changes have been made to the Portfolio Program.

See section 3.1.1:

- The maximum loan amount for a 2-unit primary residence purchase or rate/term refinance has increased from \$750,000 to \$1,000,000 for both RateStar<sup>SM</sup> and Rate Card pricing.
  - Minimum Credit Score: 660 for RateStar pricing and 680 for Rate Card pricing for loan amounts \$750,001 to \$1,000,000.
  - Maximum DTI: 45% for loan amounts \$750,001 to \$1,000,000.
  - No changes to credit score or DTI requirements for loan amounts up to \$750,000.
- The maximum loan amount for a 3-unit primary residence purchase or rate/term refinance has increased from \$750,000 to \$1,000,000 for both RateStar and Rate Card pricing.
  - Minimum Credit Score: 660 for RateStar pricing and 680 for Rate Card pricing, regardless of loan amount.
  - Maximum DTI: 45% for both RateStar and Rate Card pricing, regardless of loan amount.
- The maximum loan amount for a 4-unit primary residence purchase or rate/term refinance has increased from \$900,000 to \$1,000,000 for both RateStar and Rate Card pricing.
  - There are no changes to the credit score requirements.
  - Maximum 45% DTI for both RateStar and Rate Card pricing, regardless of loan amount.

- The maximum loan amount for a 1-unit, SFD, SFA, condo and co-op primary residence cash-out refinance with a maximum 95% LTV has increased from \$700,000 to \$750,000 for both RateStar and Rate Card pricing.
  - There are no changes to the credit score or DTI requirements.

### Miscellaneous Changes:

**Reserves:** For the Portfolio Program, the maximum loan amount that requires 2 months' reserves for a 1-unit, SFD, SFA, condo, co-op and manufactured home primary residence has been increased to \$750,000 (previously \$700,000). See section 5.95.

**Appraisal Waivers:** All references to a property inspection waiver (PIW) throughout the UW Manual have been changed to appraisal waiver.

**2–4 Unit Condominium Projects:** The General Condominium section 6.6.1 has been updated to include the following information concerning 2–4 unit projects:

- Defined as a project composed of at least two, but no more than four, 1-unit dwellings that are separately owned with separate legal descriptions.
- The credit union is not required to determine project eligibility for a condominium unit located in a 2–4 unit project regardless if it is a new or established project.
  - The project cannot be a condo hotel or motel, houseboat project, or a timeshare or segmented ownership project.

**Non-Warrantable Condominiums:** Section 6.6.3 has been updated to revise the definition of an established condominium project. Projects for which at least 75% (previously 90%) of the project's total units has been conveyed to the unit purchasers may be considered established projects when all other requirements are met.

**Kiddie Condos:** Both the Investment Property section 4.3.3 and the Kiddie Condo section 6.6.5 have been updated to clarify that if the child who will occupy the property is a borrower on the loan, the loan may qualify as a primary residence non-occupant borrower transaction.

**Manufactured Home:** Section 6.7 has been updated to clarify the definition of a manufactured home as follows:

- A manufactured home is a factory-built, multi-sectioned home built on a permanent frame (chassis) with a removable transportation system that is subsequently delivered and permanently attached to a site-built foundation. A manufactured home is built under the Federal Home Construction and Safety Standards established by HUD on/after June 1976. The label that confirms this is located on the manufactured home. The HUD Data Plate and HUD Certificate Label are required to confirm compliance with these standards.

**Modular Home:** Section 6.8 has been updated to clarify the definition of a modular home as follows:

- A home constructed in sections in a factory assembly line. Fully constructed modules are transported to the permanent site and anchored to the foundation. Modular homes are not subject to HUD codes, but are built in accordance with the Uniform Building Code administered by the state agencies in which the modular home is installed and must adhere to any local and regional building codes. In some cases, modular homes are built on a permanent chassis (on-frame modular) similar to a manufactured home. These on-frame modular homes are built in accordance with the Uniform Building Codes of the state and not to the HUD codes; therefore, they are treated as modular homes.

**For more information, please contact your Arch MI Account Manager.**