

## CUSTOMER ANNOUNCEMENT

CUA 2019-02 | May 7, 2019

### ► Medical and Dental Professionals Program Expansion – Effective May 7, 2019

Effective May 7, 2019, Arch MI implemented the following changes to the Medical and Dental Professionals Program:

- Introduced a new 90.01–100% LTV Lender-Paid MI (LPMI) Singles Reduced Coverage Program.
- Expanded the eligible loan amounts for the Standard Medical and Dental Professionals Program.
- Expanded the Additional Underwriting Requirements for all Medical and Dental Programs.

The Medical and Dental Professionals Program underwriting document, and all system messaging and editing, have been updated. The Arch MI Credit Union Underwriting Manual will be updated with the next release.

#### Highlights of the New 90.01–100% LTV, LPMI Singles Reduced Coverage Program

The following are highlights for the new program.

##### MI Pricing and Coverages Available

- RateStar<sup>SM</sup> pricing, 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. Contact your **Account Manager** to obtain the form.
- This program is not available for credit unions with home offices in the following states: AK, HI, KS, LA, MO, NM, NY, OH, PA, SD, TX, VA and WA.
- **This program is designed for portfolio credit unions only as the reduced coverage and early cancellation of coverage does not meet Agency MI requirements.**

##### General Information

- When submitting a loan for MI or requesting a rate, you **must** enter the program name: **Arch LPMI Medical Down to 90%**.

##### LTVs

- The LTV ranges available for this program will be 90.01–100%.
  - LTVs ≤ 90% are not offered since the coverage is canceled when the loan reaches an LTV less than 90%.
  - LTVs 97.01–100% require a non-delegated submission.
  - Pharmacists without a PharmD and chiropractors are not eligible for LTVs > 97%.

See Supplement 1 on page 3 for full details of the new program.

## Expansion to the Loan Amounts and Other Information for the Standard Medical and Dental Professionals Program

The following are highlights of the changes and clarifications to the Standard Medical and Dental Professionals Program.

### Maximum Loan Amounts and LTVs

- Maximum \$1,500,000 – 85% LTV.
  - Loan amounts > \$1,000,000 must be submitted non-delegated.
- Maximum \$1,000,000 – 90% LTV.
- Maximum \$850,000 – 95% LTV.
- Maximum \$750,000 – 97% LTV.

### General Information

- Both RateStar and Rate Card pricing remain available for this program, including:
  - Borrower-Paid MI (BPMI) and LPMI.
  - All coverage levels offered by Arch MI.
  - All plans offered by Arch MI, for example – monthly, annual, singles.
  - Available in all 50 states and the District of Columbia.
- When submitting a loan for MI or requesting a rate, you **must** enter the program name: **Arch Medical Program**.

See Supplement 2 on page 4 for complete details of the Standard Medical and Dental Professionals Program.

## Expansion to the Additional Underwriting Requirements for Arch MI's Medical and Dental Professionals Program

The following are the expansions to the Additional Underwriting Requirements for the Medical and Dental Professionals Program for Arch MI.

### ELIGIBLE PROFESSIONS

- We have clarified that medical fellows are eligible.
- We have added a Doctor of Veterinarian Medicine (DVM) as an eligible profession.
- We have clarified that a pharmacist without a PharmD and chiropractors are ineligible for LTVs > 97%.

### POST-CLOSING START DATE

- Employment for the member with the eligible profession may begin up to 90 days after loan closing (previously 60 days).
- Removed the maximum 95% LTV for members starting employment post-closing.

### MINIMUM MEMBER CONTRIBUTION

- Clarified that no minimum member contribution is required when the LTV is > 97%.
- Increased the maximum loan amount to \$750,000 for members with a 3% minimum contribution.

### OTHER REQUIREMENTS

- Increased the maximum loan amounts for construction-to-permanent loans to \$850,000.
- The maximum loan amount for renovation loans remains the same at \$850,000.
- The maximum LTV for construction-to-permanent loans and renovation loans remains the same at 97%.

See Supplement 3 on page 5 of this announcement for complete details of the Additional Underwriting Requirements.

## CUA 2019-02 Supplement 1

### 90.01–100% LTV, LPMI Singles Reduced Coverage Program

#### MI Pricing and Coverages Available

- RateStar pricing, Lender-Paid MI 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. Contact your Account Manager to obtain the form.
- This program is not available for credit unions with home offices in the following states: AK, HI, KS, LA, MO, NM, NY, OH, PA, SD, TX, VA and WA.
- **This program is designed for portfolio credit unions only as the reduced coverage and early cancellation of coverage does not meet Agency MI requirements.**

#### General Information

- When submitting a loan for MI or requesting a rate, you **must** enter the program name: **Arch LPMI Medical Down to 90%**.
- Other than the DTI ratio or credit score variances indicated in the grid below, **no exceptions** to the following requirements are allowed.

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

RateStar Pricing Only							
OCCUPANCY	TRANSACTION TYPE	PROPERTY TYPE	LTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE <sup>1</sup>	MAXIMUM DTI <sup>1</sup>	PITIA RESERVES <sup>2</sup>
Primary Residence (only)	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops <sup>5</sup>	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	660	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 Arch MI Credit Union Underwriting Manual are allowed for LTVs ≤ 97% only.

<sup>2</sup> See Additional Reserves in Supplement 3 below.

<sup>3</sup> Pharmacists without a Pharm D and chiropractors are ineligible for LTVs > 97%.

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

<sup>5</sup> Co-op eligibility is limited to CT, DC, IL, MA, MD, NH, NJ, NY and VA.

See Supplement 3 on page 5 of this announcement for complete details of the Additional Underwriting Requirements.

This announcement provides an overview of the revised underwriting requirements for the Medical and Dental Professionals Program. Any underwriting requirement not mentioned within this announcement will defer to the Arch MI Standard Underwriting Requirements.

## CUA 2019-02 Supplement 2

### Standard Program

#### General Information

- Both RateStar and Rate Card pricing are available for this program, including:
  - BPMI and LPMI.
  - All coverage levels offered by Arch MI.
  - All plans offered by Arch MI, for example – monthly, annual, singles.
  - Available in all 50 states and the District of Columbia.
- When submitting a loan for MI or requesting a rate you **must** enter the program name: **Arch Medical Program**.
- Other than the DTI ratio or credit score variances indicated in the grid below, **no exceptions** to the following requirements are allowed.

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

RateStar and Rate Card Pricing							
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 and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops <sup>3</sup>	97%	\$500,000	620	45%	2 Months
			90.01–97%	\$500,001–\$750,000	680	45%	2 Months
			80.01–90%	\$500,001–\$750,000	620	45%	2 Months
			95%	\$750,001–\$850,000	700	45%	4 Months
			90%	\$850,001–\$1,000,000 <sup>4</sup>	720	41%	6 Months
			85% Non-Delegated Only	\$1,000,001–\$1,500,000 <sup>4</sup>	720	41%	6 Months

<sup>1</sup> The 5% DTI variance and 10-point credit score variance as addressed in section 3.03 of the Credit Union Underwriting Manual are allowed for loan amounts ≤ \$850,000 only.

<sup>2</sup> See Additional Reserves in Supplement 3 below.

<sup>3</sup> Co-op eligibility is limited to CT, DC, IL, MA, MD, NH, NJ, NY and VA.

<sup>4</sup> Construction-to-permanent loans and renovation loans are ineligible for loan amounts greater than \$850,000.

See Supplement 3 on page 5 of this announcement for complete details of the Additional Underwriting Requirements.

This announcement provides an overview of the revised underwriting requirements for the Medical and Dental Professionals Program. Any underwriting requirement not mentioned within this announcement will defer to the Arch MI Standard Underwriting Requirements.

## CUA 2019-02 Supplement 3

### Additional Underwriting Requirements for All Medical and Dental Professionals Programs

#### ELIGIBLE PROFESSIONS

Members who are currently practicing (or who will begin practicing within 90 days of closing) one of the eligible professions below and meet all program requirements are eligible for the exclusion of deferred student loan payments from the DTI ratio calculation and/or employment to begin post-closing.

- Medical resident.
- Medical fellow.
- Medical doctor (MD).
- Doctor of Dental Surgery (DDS).
- Doctor of Dental Medicine (DMD).
- Doctor of Optometry (OD).
- Doctor of Ophthalmology (MD).
- Doctor of Podiatric Medicine (DPM).
- Doctor of Osteopathy (DO).
- Pharmacist (RPh).\*
- Chiropractor (DC).\*\*
- Doctor of Veterinarian Medicine (DVM).

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

\*\*Chiropractors are ineligible for LTVs > 97%.

#### 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:

- 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 MEMBER 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 member 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 members must have a credit score.
- Construction-to-permanent loans and renovation loans:
  - Maximum 97% LTV.
  - Maximum \$850,000 loan amount.
- **Ineligible:**
  - Desktop Underwriter (DU) and Loan Product Advisor documentation efficiencies.
  - Non-occupant members.
  - Subordinate financing.
  - Arch MI's EZ Decisioning<sup>SM</sup> requirements.
  - EZ Application submissions for LTVs > 97% and loan amounts > \$1,000,000.
  - Manufactured homes.

This announcement provides an overview of the revised underwriting requirements for the Medical and Dental Professionals Program. Any underwriting requirement not mentioned within this announcement will defer to the Arch MI Standard Underwriting Requirements.

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