

## CUSTOMER ANNOUNCEMENT

CUA 2020-02 | March 24, 2020

### ► COVID-19 — Arch MI's Temporary Underwriting Requirement Flexibilities

Fannie Mae has issued Lender Letters LL 2020-03 and LL 2020-04 and Freddie Mac has issued Bulletin 2020-5, which announce temporary flexibilities for their verbal verifications of employment (VVOEs) and appraisal requirements (see links to the documents below). They have also issued guidance for additional due diligence concerning the members' continuity of income.

In addition, Freddie Mac has expanded its Appraisal Waiver offering through its Automated Collateral Evaluation (ACE) tool.

Effective immediately, Arch MI **is aligning** with these flexibilities unless otherwise noted below.

#### VVOEs

Arch MI **will align** with these VVOE flexibilities for our EZ Decisioning (EZD) and Standard Underwriting Requirements, for loan applications dated on or before May 17, 2020, regardless of the MI application date. This includes all loan amounts and LTVs.

Please note the following:

- The Agencies allow the VVOE to be obtained after closing but before delivery. However, they encourage the credit union to obtain it (or the temporary alternate documentation) prior to closing. Arch MI also strongly encourages you to obtain this information prior to closing, due to your obligations under the Arch MI Master Policy.
- As a reminder, the Arch MI Master Policy governs all loans submitted to and insured by Arch MI, regardless of any representation and warranty relief provided by various Agencies' automated tools.

#### Continuity of Income

Arch MI agrees with the guidance issued by the Agencies concerning the continuity of income. Underwriters will need to use their best judgment when information received may indicate a disruption in the members' continuity of income.

#### Appraisals

Arch MI **will align** as follows with these appraisal flexibilities for loan applications dated on or before May 17, 2020, regardless of the MI application date:

- Allowed for both EZD and Standard Underwriting requirements.
- The maximum loan amount for both EZD and Standard will be the **FHFA maximum loan amount for the geographic area**. The appraisal flexibilities **will not be allowed** for what is generally considered Jumbo or Super Jumbo loan amounts.
  - The maximum loan amounts for appraisal flexibilities **will apply** to the Arch MI Medical and Dental Professionals Program.

- Not allowed for new construction, construction-to-permanent loans or renovation loans.
- Maximum 85% LTV for a second home.
- Arch MI will allow the appraisal flexibilities up to 100% LTV for a 1-unit primary residence for the Medical and Dental Professionals program.
- The Agencies' requirement that the loan being refinanced must be owned by the same Agency that the new loan is being delivered to does not apply to loans being retained in the credit union's portfolio.
- Arch MI will accept the alternative documentation allowed by the Agencies to replace an Appraisal Update and/or Completion Report Form 1004D/442.
- As a reminder, the Arch MI Master Policy governs all loans submitted to and insured by Arch MI, regardless of any representation and warranty relief provided by various Agencies' automated tools.

### Freddie Mac ACE — Appraisal Waivers

Freddie Mac is expanding its Appraisal Waiver offerings, effective for new submissions and resubmissions on or after March 29, 2020. **Arch MI will align.**

The expansion will allow appraisal waivers for:

- Rate/term refinances only.
- Primary residence or second home only.
- 1-unit SFD, SFA and condos only (manufactured housing, co-ops and 2–4 units are ineligible).
- Maximum 90% LTV.

When submitting an MI application using Arch MI's **CONNECT**, the Property Inspection Waiver (PIW) indicator should be utilized.

Fannie Mae	Freddie Mac
<p><b>Impact of COVID-19 on Originations</b>  <a href="#">Lender Letter LL-2020-03</a></p>	<p><b>Selling Guidance Related to COVID-19</b>  <a href="#">Bulletin 2020-5</a></p>
<p><b>Impact of COVID-19 on Appraisals</b>  <a href="#">Lender Letter LL-2020-04</a></p>	

Arch MI will continue to issue communications as this situation evolves. At this time, our published Underwriting Manual will not be updated. Effective immediately, you may underwrite using the information in this announcement.

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