

CUSTOMER ANNOUNCEMENT

CUA 2020-01-AMGC | October 19, 2020

► Expansion of the AMGC Community Heroes Program, Effective October 19, 2020, and Miscellaneous AMGC Credit Union Underwriting Manual Updates

The following changes will be made to the Arch Mortgage Guaranty Company (AMGC) Credit Union Underwriting Manual (the Manual).

Expansion of the AMGC Community Heroes Program

We are expanding member eligibility for the AMGC Community Heroes Program. Effective October 19, 2020, any loan for which at least one member is an employee (either full-time or part-time) of a medical care provider will be eligible for the program, including, but not limited to:

- Hospitals.
- Physicians' offices and medical practices.
- Inpatient and outpatient care centers and clinics.
- Assisted living facilities.
- Skilled nursing facilities.
- Home health agencies.

All other eligible members for the AMGC Community Heroes Program will remain the same.

Miscellaneous Updates to the AMGC Underwriting Manual

The following additional updates have been made to the Manual.

AMGC Loan Eligibility

We state in the Manual that any loan that meets the Arch MI underwriting requirements is also eligible under the AMGC Master Policy regardless of whether it meets the AMGC underwriting requirements. Due to the changes to the Arch MI Master Policy on March 1, 2020, the property state eligibility for cooperative properties (co-ops) is now different for the two companies. Therefore we are updating the language in the Manual as follows (new language is highlighted).

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 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 that meet the Arch MI published requirements are not subject to additional requirements or restrictions contained within this UW Manual (with the exception of co-op property state eligibility). Co-mingling of Arch MI and AMGC underwriting requirements is not allowed – the submitted loan must meet one or the other entirely.

Origination Channel Definitions

We are adding a new section, "2.1.2 Origination Channel Definitions," to clarify AMGC's origination channel definitions as follows:

- **Retail:** Credit unions that make loans to consumers directly and order the MI in their own names. The credit union taking the mortgage loan application also orders the MI.
 - If a Credit Union Service Organization performs any of the loan functions, the loan is considered a Retail origination.
- **Correspondent:** Credit union originates, processes and closes the loan. However, the MI is ordered by the Credit Union/Investor purchasing the loan, for example a non-delegated correspondent loan.
- **Wholesale:** Loan that involves a Broker acting as intermediary between the consumer and Wholesale Credit Union. The Broker takes the mortgage loan application, however, generally does not underwrite, fund or service the loan. MI is generally ordered by the Credit Union/Investor purchasing the loan; it is generally not ordered in the Broker's name.

Manufactured Home Construction-to-Permanent Loan Commitment Term

The commitment term for a manufactured home construction-to-permanent loan has been increased from 4 to 12 months.

Co-op Property State Eligibility Expansion

Co-ops property state eligibility has been expanded to include co-ops located in both CA and WA.

Interest-Only Program — Qualifying Payment

We have clarified the interest-only qualifying payment as follows:

Qualifying payment:

- For a fixed-rate loan, the member is qualified using the interest-only payment at the fixed-rate.
- For ARM loans, the member is qualified using the interest-only payment at the ARM-qualifying interest rate.

Medical and Dental Professionals — 90.01–100% LTV, LPMI Singles Reduced Coverage Program

This program has been expanded to allow credit unions with home offices located in KS, LA, MO, NM, PA, SD, TX and VA to submit loans for MI under this program.

Adjustable-Rate Mortgage Index

We have clarified that the 30-Day Average of the Secured Overnight Financing Rate (SOFR) Index as published by the Federal Reserve Board of New York will be an eligible ARM index.

Chapter 12 Bankruptcy Waiting Periods

We have clarified the required waiting periods for a member who has filed a Chapter 12 Bankruptcy as follows:

DEROGATORY EVENT	WAITING PERIOD REQUIREMENTS	WAITING PERIOD WITH DOCUMENTED EXTENUATING CIRCUMSTANCES
Bankruptcy – Chapter 12	<ul style="list-style-type: none">▪ 2 Years from Discharge Date▪ 4 Years from Dismissal Date	<ul style="list-style-type: none">▪ 2 Years from Discharge Date▪ 2 Years from Dismissal Date

Condotel Definition

We have clarified the definition of a condotel by adding a bullet that was inadvertently omitted. The new bullet is highlighted.

Condotels — A project may not be operated or managed as a hotel, motel or similar commercial entity as evidenced by meeting one or more of the following criteria:

- The HOA is licensed as a hotel, motel or hospitality entity.
- The HOA or project’s legal documents restrict owners’ ability to occupy the unit during any part of the year.
- The HOA or project’s legal documents require owners to make their units available for rental pooling (daily or otherwise).

- The HOA or project’s legal documents require unit owners to share profits from the rental of units with the HOA, management company, resort or hotel rental company.

Accessory Units

We have clarified that AMGC aligns with the Agencies’ requirements for accessory units with the following exception:

- A manufactured home may not be an accessory unit.

Please see the updated [Manual](#) for complete details.

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