

AMGC EqualAccess Homeownership Program

Underwriting Requirements Quick Reference

February 23, 2023

This affordable housing program, available from Arch Mortgage Guaranty Company (AMGC), is designed to assist low-income members to attain homeownership.

LTV/Loan Amount/Credit Score/DTI Requirements

Occupancy	Loan Purpose	Property Type	Minimum LTV ¹	Maximum LTV ¹ /CLTV ²	Maximum Loan Amount	Minimum Credit Score	Maximum DTI
Primary Residence	Purchase and Rate/Term Refinance	1-Unit, SFD/SFA, Condos, Co-ops,	95.01%	97%/105%	\$726,200	660	45%
				99%/105%			
		Manufactured Homes	95.01%	97%/105%			

¹ See expanded flexibilities for 95.01%–97% LTVs below.

² All subordinate financing must meet Fannie Mae's Community Seconds[®] or Freddie Mac's Affordable Seconds[®] requirements.

Additional Requirements

General Information

- When submitting a loan for MI or requesting a rate quote, the program name **AMGC EqualAccess Homeownership Program** must be entered into the system.

Maximum Volume Allotment:

- Loans insured under the AMGC EqualAccess Homeownership Program will be limited to 10% of new insurance written (NIW) on a go-forward basis. The 10% applies to NIW under the credit union's Arch MI and AMGC Master Policies combined. Arch MI will track this limit and notify the credit union if concerns arise that require future correction.

Member Eligibility:

- Total qualifying income for all members must be less than or equal to 100% of the Area Median Income (AMI) for the property location.
 - For determining eligibility, credit unions must refer to Fannie Mae's [Area Median Income Lookup Tool](#) or Freddie Mac's [Home Possible[®] Income and Property Eligibility Tool](#).
 - All member(s) eligible income must be used to determine program eligibility.
- No other real estate may be owned by the occupying member(s) at the time of closing, including property retained for pending sale at a later date, regardless of equity in the current residence. See requirements for non-occupying members below.

Homeownership education is required when:

- All occupying members are first-time homebuyers; or
- All occupying members are relying on non-traditional credit.

State Restrictions:

- This program is not available for credit unions with home offices in the following states: AK, HI, NY and WA. (See "Pricing and MI Coverage Options" section for coverage option restrictions in OH.)

Underwriting Method:

- All AMGC underwriting requirements apply unless otherwise detailed within these Additional Requirements.
- Desktop Underwriter[®] (DU[®]) or Loan Product Advisor[®] (LPASM) recommendations are not applicable.

Documentation:

- All AMGC documentation requirements apply, DU or LPA documentation efficiencies do not apply.

Eligible Loan Type:

- Fixed-rate/fixed-payment.
- ARMs with an initial fixed-rate period ≥ 5 years.

Maximum Term:

- 30 years.

Pricing and MI Coverage Options:

- Rates are only available through the RateStar[®] pricing option.
- All rate plans are available, including lender-paid, member-paid, monthlies and singles.
- The following coverage options are available:
 - 25%, 20% and 18%.
 - 12% Reduced Coverage:
 - MI coverage will be terminated by AMGC upon the earlier of the scheduled or actual amortization of the loan amount down to an LTV less than 90%.
 - Prior to participation in this coverage type, the credit union must execute an acknowledgment form directing AMGC to cancel coverage at the designated LTV level. Please contact your Account Manager to obtain the form.
 - This coverage type is not allowed for credit unions with home offices in OH.

Credit:

- Valid Credit Score:
 - For a member's credit score to be considered valid, the information on the credit report must be accurate. AMGC's requirement for 3 tradelines evaluated for a minimum of 12 months (or 2 tradelines evaluated for a minimum of 24 months) does not apply to the EqualAccess Homeownership Program.
 - Wherever "credit score" is referred to within this document, the reference is to a "valid credit score."
 - If no members on the loan have a credit score, the loan must meet non-traditional credit requirements (maximum 97% LTV). See the complete non-traditional credit requirements in the "Expanded Flexibilities for loans with 95.01–97% LTVs" section below.
- Loan Representative Credit Score:
 - For loans with only one member, the member's representative score is the loan's representative credit score.
 - For loans with multiple members, when every member has a credit score, the lowest of all member representative scores is the loan's representative score.
 - For loans with multiple members, when at least one member has a credit score and at least one member does not, the lowest member representative score of those members with scores is the loan's representative score. Members with no score are not considered in the determination of the loan representative score.
 - If the member without a credit score is the primary wage earner (contributes > 50% of the qualifying income), then non-traditional credit references must be documented for this member (see non-traditional credit references

below). Because at least one member has a credit score, no other non-traditional credit requirements apply (including maximum 97% LTV).

Assets/Minimum Member Contribution:

- Minimum Member Contribution: None required.
- Interested-Party Contributions (IPCs): Maximum 3% of the purchase price.
- Reserves: None required.

Expanded Flexibilities for Loans with a 95.01%–97% LTV:

The following expanded flexibilities are allowed for loans with a 95.01%–97% LTV. Only one of these expanded flexibilities is allowed in each loan file.

▪ **Manufactured Home:**

- All AMGC manufactured home requirements apply up to a maximum 97% LTV (instead of 95% LTV).
- The manufactured home does not need to meet Fannie Mae's MH Advantage[®] or Freddie Mac's CHOICEHome[®] requirements.

▪ **Non-Occupant Member:**

- The occupying member does not need to contribute 3% from their own funds.
- The occupying member(s) must contribute income to the transaction.
- The non-occupant member must have a valid credit score.
- All other AMGC non-occupant member requirements apply.

▪ **Boarder Income:**

- The rental payments that any member receives from one or more individuals who reside with the member (who may or may not be related to the member) may be considered as acceptable stable income in an amount up to 30% of the total gross income that is used to qualify the member for the mortgage if the boarder:
- Is not obligated on the mortgage loan and does not have an ownership interest in the property;
 - Has lived with the member for the last 12 months;
 - Can provide appropriate documentation to demonstrate a history of shared residency (such as a copy of a driver's license, bill or bank statement that shows the boarder's address as being the same as the member's address); and
 - Can demonstrate the payment of rental payments (such as with copies of canceled checks) to the member for
 - the last 12 months, or
 - at least 9 of the most recent 12 months, provided the rental income is averaged over a 12-month period.

Payment of rent by the boarder directly to a third party is not acceptable.

▪ **Non-Traditional Credit:**

A transaction is considered non-traditional credit when NO member has a credit score (see the “Credit” section above when at least one member has a credit score and at least one member does not have a credit score).

– **Credit References:**

- Each member on an MI application must establish an acceptable credit history through trade lines reported on the credit report or through non-traditional credit references.
- Non-traditional credit references are only acceptable when the traditional credit report does not produce a credit score. Non-traditional credit references may not be used to offset traditional tradelines with derogatory information.
- A minimum of four sources of non-traditional credit with at least 12 months’ history must be provided (one housing-related, one utility and two from other sources).
- Credit references must have at least one quarterly repayment requirement.
- The credit profile must indicate:
 - No housing delinquency in the past 24 months.
 - No more than 1x30 or no more than 0x60 installment or revolving late payments in the past 12 months.
 - No collections or charge-offs (except medical).
 - No judgments (they must be satisfied).
 - No bankruptcy/foreclosure/deed-in-lieu/short sale.

– **Acceptable Sources of Non-Traditional Credit:**

- Housing-related: Credit unions must obtain at least one housing-related source for a non-traditional credit history. The credit agency must specify in the report whether verification was obtained from a professional management company or from an individual landlord.
- Utilities (when not included in the rental housing payment): Utilities include electricity, gas, water, cable and phone service.
- Other payments:
 - Payments for medical insurance coverage, automobile insurance, life insurance policies and rental insurance payments. Payroll deductions for these items are excluded from use as an acceptable tradeline.

- Payments to local department, furniture, appliance or specialty stores; rental payments related to durable goods (including automobiles); medical; school tuition; child care; loans obtained by an individual (if there is a written agreement and the member can provide copies of canceled checks to indicate payments are consistent with the terms of the agreement); and authorized user accounts (if there is written documentation to support the member has been solely responsible for payments during the most recent 12 months).

– **Documentation Requirements for Non-Traditional Credit:**

- Acceptable documentation for all credit references include:
 - 12 months of consecutive account statements.
 - A current account statement with 12 months of canceled checks and/or paid receipts.
 - Credit union direct written verification, which must include all the information required on a non-traditional credit report and a current statement provided by the creditor; or
 - A non-traditional credit report.
 - The consumer reporting agency should provide the credit union all documentation received for each credit reference listed on the credit report.

Ineligible:

- Second homes and investment properties.
- 2–4 unit properties.
- Single-wide manufactured homes.
- Cash-out refinance.
- Construction-to-permanent and renovation loans.
- ARMs with an initial fixed-rate period of < 5 years, temporary buydowns, balloon mortgages and interest-only loans.
- Sweat equity and cash on hand.

This document provides an overview of the underwriting requirements for the EqualAccess Homeownership Program. Any underwriting requirement not mentioned within this document will defer to the Arch Mortgage Guaranty Underwriting Requirements.

See the [AMGC Credit Union Underwriting Manual](https://archmicu.com/amgc) for details at archmicu.com/amgc.