

CUSTOMER ANNOUNCEMENT

CA 2021-04 | June 7, 2021

► Arch MI Underwriting Requirement Changes Effective June 7, 2021

Effective for MI applications dated on or after June 7, 2021, Arch MI is updating its underwriting requirements.

The [Arch MI Underwriting Manual](#) and all supporting documents will be updated on our website, and all system updates will be completed by the effective date.

See the details of changes listed below.

Topic/Section	Change/Clarification
Delegated Submissions, Section 1.04.02	Removed section 3.02.01, Unacceptable DU and Loan Product Advisor Recommendations, as a section that has different underwriting requirements for delegated and non-delegated submission.
Commitment Extensions, Section 1.05.01.03	Clarified that extensions to commitments are considered on a case-by-case basis and the contact information for our Servicing department has been added.
EZ Decisioning Underwriting — LTV/Loan Amount/Credit Score/DTI Requirements, Section 2.01	Updated to allow the base conforming loan amount for properties located in AK or HI (currently \$822,375).
Standard Underwriting — LTV/Loan Amount/Credit Score/DTI Requirements, Section 3.03	
New Subordinate Financing, Section 3.03.03.01	
New Subordinate Financing, Section 3.03.03.02	
Minimum Borrower Contribution from Borrowers' Own Funds, Section 3.11.01.01	
Non-Traditional Credit, Section 3.12.02.01	
EZ Decisioning — Additional Underwriting Requirements, Section 2.02	
Ineligibility Matrix, Section 3.04	Clarified that loan-to-value ratios less than or equal to 80% are ineligible for Borrower-Paid Mortgage Insurance.
Unacceptable DU and Loan Product Advisor Recommendations, Section 3.02.01	<p>This section was renamed "DU and Loan Product Advisor Recommendations other than Approve/Eligible and Accept/Eligible."</p> <p>In addition, loans that receive one of the following recommendations will now be eligible for delegated submissions. They may be submitted either delegated or non-delegated; however, they must meet all of our Standard underwriting requirements.</p> <ul style="list-style-type: none"> ▪ DU Refer with Caution. ▪ Loan Product Advisor Caution A-minus eligible. ▪ Loan Product Advisor Caution.
Standard Underwriting — LTV/Loan Amount/Credit Score/DTI Requirements, Section 3.03	Updated to remove the maximum loan amount of \$850,000 for biweekly mortgages. Biweekly mortgages will now be eligible for all loan amounts offered in the Underwriting Manual.
Loan Amounts \$850,001–\$1,500,000 for 1-Unit Properties — Additional Underwriting Requirements, Section 3.03.01.01	
Biweekly Mortgage, Section 3.07.04	
Loan Amounts \$850,001–\$1,500,000 for 1-Unit Properties — Additional Underwriting Requirements, Section 3.03.01.01	Clarified that for loan amounts greater than \$1,000,000, either a third-party field review appraisal or a second full Uniform Residential Appraisal Report with interior and exterior inspection is required.
Documentation Requirements for All Loans, Section 3.05.03	
Ineligibility Matrix, Section 3.04	
Ineligibility Matrix, Section 3.04	Updating to remove a seasoned loan as an ineligible transaction. They are now considered on a case-by-case basis.

Reduced Coverage Medical and Dental Professionals Program, Section 3.06.02.01	<p>Updated as follows:</p> <ul style="list-style-type: none"> ▪ The name was changed from “90.01–100% LTV, LPMI Singles Reduced Coverage Program” to “Reduced Coverage Medical and Dental Professionals Program.” ▪ The program name in Arch MI’s systems was changed from “Arch LPMI Medical Down to 90%” to “Reduced Coverage Medical/Dental Program.” ▪ The minimum credit score was lowered from 660 to 620 for LTVs 90.01–97%, with loan amounts up to \$500,000.
Standard Medical and Dental Professionals Program, Section 3.06.02.02	<p>The program name in Arch MI’s systems was changed from “Arch Medical Program” to “Standard Medical/Dental Program.”</p>
Rate/Term Refinance, Section 3.08.01.01	<p>Updated to allow the payoff of an unseasoned, non-purchase money subordinate lien documented to be used entirely for home improvements. The applicable requirements for renovation rate/term refinance loan in sections 3.03.01 and 3.08.02 must be met.</p> <ul style="list-style-type: none"> ▪ All improvement costs must be documented. ▪ The appraisal must confirm that the improvements documented by the borrower have been completed.
Seasoned and Closed Loans, Section 3.08.05	<p>Updated as follows:</p> <ul style="list-style-type: none"> ▪ This section will be split into two sections, section 3.08.05, Closed Loans, and section 3.08.06, Seasoned Loans, to clarify the definitions of each. ▪ Clarified the definition of a closed loan to state that a closed loan is defined as a loan that did not previously have an Arch MI Commitment issued, no payments have been made and the first mortgage payment is not past due.
Seasoned Loans, Section 3.08.06	<p>Updated as follows:</p> <ul style="list-style-type: none"> ▪ Clarified the definition to state that a seasoned loan is defined as a loan that did not previously have an Arch MI Commitment issued, is closed and at least one mortgage payment has been received or the first mortgage payment is past due. ▪ Seasoned loans are no longer considered ineligible. They will be considered on a case-by-case basis. ▪ The contact information for Arch MI’s Servicing department has been added. ▪ For loans that have an expired commitment, have closed and a payment has been made, we will refer the customer to section 1.05.03, Expired Commitment.
Reserves, Section 3.11.02	<p>Updating as follows:</p> <ul style="list-style-type: none"> ▪ The required reserves have been lowered from 12 months to 6 months for a primary residence, 1-Unit, SFD, SFA and Condos, purchase or rate/term refinance, with loan amounts \$850,001–\$1,000,000. ▪ The required reserves have been lowered from 24 months to 12 months for a primary residence, 1-Unit, SFD and SFA, purchase or rate/term refinance, with loan amounts \$1,000,001–\$1,500,000.

If you have questions, please contact your [Arch MI Account Manager](#).