

CUSTOMER ANNOUNCEMENT

CA 2021-05 | July 22, 2021

► Eligibility for Borrowers Granted a COVID-19-Related Forbearance — Effective Immediately

Last year, Arch MI's Customer Announcement (CA) 2020-06 announced that overlays would apply to the Agencies' requirements for borrowers granted a COVID-19-related forbearance. Specifically, it stated that new loans with any of the following features would be **ineligible** for mortgage insurance when the borrower has been granted a COVID-19-related forbearance on **any** of their existing mortgage loans (unless the new loan is a rate/term refinance of an Arch MI-insured loan):

- Loan amounts greater than the FHFA maximum loan amount for the geographical area.
- Cash-out refinance.
- Second home.
- Investment property.

This new Customer Announcement, CA 2021-05, updates our eligibility requirements for borrowers granted a COVID-19-related forbearance for new loans with any of the features addressed above (unless the new loan is a rate/term refinance of an Arch MI-insured loan). **Effective immediately, the loans listed above that were ineligible will now be eligible for insurance when the following requirements are met:**

- Borrowers who entered forbearance but did not enter any type of workout plan and continued to pay "as agreed" — Lender must document the most recent 12 months of timely payments.
- Borrowers who entered forbearance, did not enter any type of workout plan, and did not make timely payments — Lender must document that the loan has been reinstated and that the borrower has made the most recent 12 months of timely payments since reinstatement.

- Borrowers who entered forbearance and entered a workout plan acceptable to the Agencies (repayment plan, payment deferral, loan modification trial period plan, etc.) — Lender must document the most recent 12 months of timely payments under the workout payment plan terms.
 - If these requirements are met on an existing mortgage loan being refinanced, the new loan amount may include the full amount required to satisfy the existing mortgage.

As a reminder, Arch MI continues to **align** with the Agencies' temporary eligibility requirements for borrowers who have been granted a COVID-19-related forbearance on any of their existing mortgage loans when the new loan is a:

- Rate/term refinance for which Arch MI insures the existing loan (regardless of loan amount or occupancy type).
- Purchase or rate/term refinance (where Arch MI does not insure the existing loan) of a primary residence up to the FHFA maximum loan amount for the geographical area.

This alignment applies regardless of whether the loan is being sold to one of the Agencies, a different investor, or is being held in the lender's portfolio.

Lenders will be responsible for ensuring that the additional due diligence required for all the borrower's existing mortgage loans is documented and included in the final loan package. This applies to both delegated and non-delegated MI applications.

All other Arch MI requirements related to eligibility for borrowers granted a COVID-19-related forbearance remain the same.

There are no updates required to the Arch MI Underwriting Manual.

There will be **no exceptions** to these requirements.

If you have questions about these changes, please contact your **Arch MI Account Manager**.