

CUSTOMER ANNOUNCEMENT

CA 2021-06 | August 27, 2021

► EZ Decisioning Program and Updated Credit Score Eligibility in Desktop Underwriter Version 11.0 — Effective September 18, 2021

Fannie Mae has announced an update to the credit score used by Desktop Underwriter® (DU®) Version 11.0 in the eligibility assessment for loans submitted or resubmitted to DU on or after September 18, 2021. For loans with more than one borrower, DU will now use an average median credit score when determining if a loan meets the minimum credit score requirement of 620.

This announcement addresses Arch MI's position on DU's updated credit score eligibility assessment.

EZ DecisioningSM Program — Effective September 18, 2021, Arch MI will align with the updated DU credit score eligibility assessment under our EZ Decisioning Program only, subject to the following exceptions:

- **Manufactured homes — Maximum LTV will remain at 95%.**
- **Investment Properties — Minimum representative credit score will remain at 680.**

Standard Underwriting Program — Arch MI will continue to require a minimum 620 representative credit score.

Reminder: For determination of a borrower representative credit score, refer to section 3.12.01.03 of the Arch MI Underwriting Manual.

A summary of the updated credit score eligibility in DU is provided below. For complete details, see the link to the DU Release Notes, Version 11.0, at the end of the summary.

Summary of Credit Score Eligibility in DU

For loans with more than one borrower, DU will first determine the representative credit score for each borrower (middle of the three scores received, or the lower of the two when only two scores are received). DU will then average the applicable credit scores for all borrowers on the loan to determine if the 620 credit score requirement is met.

Example calculation of average median credit score:

- Borrower 1 representative score: 619.
- Borrower 2 representative score: 693.
- DU will use an average median score of 656 (average of 619 and 693) in the eligibility assessment.

Please note the following:

- The DU average median score will only be used in the eligibility assessment for non-RefiNowTM loans.
- The DU average median score is used internally by DU and will not be reflected on the DU findings. The DU average median score should not be entered into RateStarSM or any Arch MI system.
- Arch MI pricing will be based on the representative score, as defined in section 3.12.01.03 of the Arch Underwriting Manual, which may be lower than 620.

- Loans must receive a DU Approve/Eligible recommendation. A DU Approve/Ineligible recommendation is only allowed when the representative credit score is greater than or equal to 620, and the specific ineligible reason is listed in our EZ Decisioning Underwriting Requirements.
- Loans must be entered in the Arch MI system under the EZ Decisioning program name and must include an acceptable DU risk classification.
- Manually underwritten loans, including loans underwritten to our Standard Underwriting Requirements, continue to require a minimum 620 representative credit score, regardless of any DU recommendation.
- Availability of MI pricing for loans with representative credit scores less than 620 is subject to the approval of rate filings for each state.

Our published Underwriting Manual will be updated in a future release. Until the UW Manuals are updated, for loans submitted or resubmitted to DU on or after September 18, 2021, you may underwrite using the information in this announcement.

Link to the DU Release Notes, Version 11.0:
[Desktop Underwriter Release Notes Version 11.0](#)

For more information, please contact your **Arch MI Account Manager**.