

## CUSTOMER ANNOUNCEMENT

CUA 2021-07 | September 22, 2021

### ► EZ Decisioning LTV/CLTV for 2–4 Units and Miscellaneous Updates

Freddie Mac has issued Bulletin 2021-29, which announces updates to the maximum loan-to-value (LTV) and total LTV (TLTV) ratios for 2- to 4-unit Home Possible® Mortgages, as well as several updates to the Selling Guide.

This announcement addresses Arch MI’s position on the topics covered in Freddie Mac’s Bulletin. No updates to our UW Manuals are required.

#### Freddie Mac Bulletin 2021-29

##### Home Possible Mortgage Loans, Effective November 15, 2021

- For 2- to 4-unit, fixed-rate and 2-unit adjustable-rate (ARM) Home Possible Mortgages, Freddie Mac has increased the maximum LTV to 95% and the TLTV to 105% for mortgages with Affordable Seconds®.
- For 3- and 4-unit, adjustable-rate (ARM) Home Possible Mortgages, Freddie Mac kept the LTV at 75% and increased the maximum TLTV to 105% for mortgages with Affordable Seconds.
- This LTV/TLTV increase does not apply to super-conforming mortgages.

Arch MI EZ Decisioning<sup>SM</sup> Underwriting Requirements currently allow 2- to 4-unit transactions up to 95% LTV.

Arch MI EZ Decisioning Underwriting Requirements will continue to allow a 2-unit transaction up to 100% TLTV and a 3- to 4-unit transaction up to 95% TLTV when the secondary financing is an Affordable Second. We will not align with Freddie Mac’s new 105% TLTV requirement.

The table below compares the 1- to 4-unit LTV/TLTV/HTLTV requirements for Freddie Mac Home Possible and Arch MI EZ Decisioning LTV/CLTV requirements when the secondary financing is an Affordable Second.

	Freddie Mac Home Possible Maximum LTV/TLTV/HTLTV*	Arch MI EZ Decisioning Maximum LTV/CLTV*
	*Freddie Mac TLTV/HTLTV is the equivalent of Arch MI CLTV.	
<b>1-unit</b>	97/105% FRM	97/105% FRM and ARM
	95/105% ARM	
<b>2-unit</b>	95/105% FRM and ARM	95/100% FRM and ARM
<b>3- to 4-unit</b>	95/105% FRM	95/95% FRM and ARM
	75/105% ARM	

**Loan Product Advisor Caution Mortgages**

Freddie Mac reminds credit unions that loans receiving a Risk Class of Caution must be underwritten in accordance with the Freddie Mac Guide requirements for Caution Mortgages.

Arch MI requires loans that receive a Loan Product Advisor® Risk Class of Caution to meet all of our Standard Underwriting Requirements.

**Single-Wide Manufactured Homes**

Freddie Mac will now allow single-wide Manufactured Homes located outside of a Planned Unit Development or Condominium Project, subject to written approval.

Arch MI will not align. Single-wide Manufactured Homes continue to be an ineligible property type.

**Other Freddie Mac Changes**

Arch MI will align with the following additional Freddie Mac changes announced in Bulletin 2021-29 under our EZ Decisioning Underwriting Requirements:

- 3% minimum member contribution requirements for 2-unit Home Possible Mortgages with LTV/TLTV greater than 95%.
- Revision to the seller-funded Affordable Seconds “established” requirement.
- Require the year-to-date paystub to be dated no more than 30 days before the application date.
- LTV determination for no-cash-out refinance transactions secured by Manufactured Homes.
- A property used as a group home is an eligible property type, provided it meets the Freddie Mac Guide requirements.

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For complete details, see [Freddie Mac Bulletin 2021-29](#).

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