

CUSTOMER ANNOUNCEMENT

CUA 2022-01-AMGC | March 1, 2022

▶ AMGC Portfolio Program Loan Limit Increases and Additional Underwriting Requirement Changes.

AMGC has updated and clarified its underwriting requirements. Details of the changes and effective dates are listed below. The AMGC Credit Union Underwriting Manual (the Manual) and all supporting documents have been updated on our website, and all system updates have been completed.

Effective for MI applications dated on or after March 1, 2022, AMGC has updated the following underwriting requirements:

- **Section 3.1.1, Portfolio Program, LTV/Loan Amount/Credit Score/DTI Requirements.**
 - The maximum loan limits for the Portfolio Program have been increased. All changes have been **bolded** within the table (Supplement 1).
 - Both RateStarSM and Rate Card pricing continue to be available for the Portfolio Program; however, the Rate Card credit score and Debt-to-Income (DTI) overlays are no longer applicable. Therefore, the separate Rate Card overlay columns have been removed (Supplement 1).
- **Section 3.1.2, Additional Underwriting Requirements for Loan Amounts Higher than \$1,000,000.**
 - The minimum borrower contribution requirements for loan amounts higher than \$1,000,000 have been updated to allow a gift after a 5% minimum borrower contribution for loan amounts > \$1,000,000 up to \$1,500,000. For loan amounts > \$1,500,000 all funds must come from the borrower (an expansion from the prior limit of \$1,000,000).
- **Section 3.2.1, Interest-Only Program, LTV/Loan Amount/Credit Score/DTI Requirements.**
 - The maximum loan amount for an Interest-Only 90% LTV Purchase and Rate/Term Refinance has increased from \$750,000 to \$850,000.
- **Section 3.3, Medical and Dental Professionals Program.**
 - The maximum loan limits for the Reduced Coverage and Standard Medical and Dental Professionals Program have increased. All changes have been **bolded** within the table (Supplement 2).
 - A minimum borrower contribution of 3% is required for loan amounts up to \$850,000 (formerly \$750,000). A minimum borrower contribution of 5% is required for loan amounts greater than \$850,000 (formerly \$750,000).
- Gifts/grants may be used to satisfy the minimum borrower contribution when all of the following requirements are met: maximum \$850,000 loan amount (formerly \$750,000), minimum 740 credit score, maximum 41% DTI and fixed-rate/fixed-payment or ARMs greater than 5 years only.
- **Section 3.4, AMGC Community Program.**
 - The term defining the maximum loan amount has been changed from GSE Loan Limit to FHFA Conforming Baseline Loan Limit to better align with the FHFA and Agency terminology.
- **Section 3.5, AMGC EqualAccess Homeownership Program.**
 - This new section includes the complete underwriting requirements for AMGC's portfolio affordable housing option, previously announced in CUA 2021-03-AMGC.
- **Sections 3.6–3.7, Financed MI and Loan Types.**
 - The sections referencing Financed MI and Loan Types (formerly sections 3.5–3.6.8) have been reorganized into sections 3.6–3.7.
- **Section 3.6, Financed MI.**
 - The term total LTV has been changed to gross LTV, and the requirement has been revised to state that the gross LTV, which includes the base loan amount and financed MI, cannot exceed 103%. The reference to subordinate financing has been removed.
- **Section 3.7.2, Adjustable-Rate Mortgages.**
 - This section has been updated to allow for ARMs with a minimum initial fixed-rate period or subsequent interest rate adjustment period of 6 months. This is an expansion from the prior requirement of a minimum initial fixed-rate period of 1 year.

▪ **Section 3.8, Closed Loans without a Previous AMGC Commitment.**

- This section has been renamed from Closed Loans to Closed Loans without a Previous AMGC Commitment. This updated section addresses two types of Closed Loans: (1) Closed Loans that did not previously have an AMGC Commitment and for which no payments have been made and the first payment is not 30 days past due, and (2) Closed Loans that did not previously have an AMGC Commitment and for which at least one mortgage payment has been received (formerly referenced as Seasoned Loans). With this change in terminology, the former section referencing Seasoned Loans has been removed.

▪ **Section 5.8.19, Pension/Retirement Income.**

- This section has been updated to clarify that if retirement income is from a monthly 401(k), IRA or Keogh distribution, the member must have unrestricted access to the accounts without a penalty. Eligible retirement account balances may be combined for the purpose of determining whether the 3-year continuance requirement is met. In addition, the requirement that such income be reduced to a maximum of 70% has been removed.

▪ **Section 5.9.1, Minimum Borrower Contribution.**

- The minimum member contribution for the Portfolio Program has been updated to allow a gift after a 5% minimum member contribution for loan amounts > \$1,000,000 up to \$1,500,000. For loan amounts > \$1,500,000, all funds must come from the member (an expansion from the prior limit of \$1,000,000).

▪ **Section 5.9.5, Reserves.**

- This section has been updated to reflect revised minimum reserve requirements to align with the increase in loan limits addressed above. All changes have been **bolded** within the table (Supplement 3).

▪ **Section 5.9.8, Source of Funds.**

- Gifts are allowed (after the required member minimum contribution) for loan amounts up to \$1,500,000 for primary residence and second-home transactions. This is an expansion from the prior limit of \$1,000,000.

▪ **Section 6.1, Appraisal Requirements.**

- This section has been updated to clarify that desktop appraisals are ineligible as a substitute for a Uniform

Residential Appraisal Report for loans underwritten to the AMGC underwriting requirements. However, loans that meet the published Arch MI underwriting requirements that are submitted under the lender's AMGC Master Policy may use a desktop appraisal in place of a Uniform Residential Appraisal Report when offered by Desktop Underwriter® (DU®) or Loan Product Advisor® (LPASM) as detailed within the Arch MI Underwriting Manual. The AMGC requirements would not apply in that case.

▪ **Section 6.6.6, Ineligible Condominium Properties and/or Projects.**

- This section has been updated to clarify that units in condo projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are ineligible. Such projects remain ineligible until all significant deferred maintenance and unsafe conditions have been adequately remedied and deemed safe per the regulatory authority or inspection agency.

Effective for MI applications dated on or after March 31, 2022, AMGC is updating its Interest-Only Program underwriting requirements, Section 3.2.2, as detailed below. The AMGC Credit Union UW Manual will be updated with this change in a future release.

▪ **Section 3.2.2, Interest-Only Program, Additional Underwriting Requirements.**

- Effective for MI applications dated on or after March 31, 2022, the qualifying payment for the Interest-Only Program has changed from qualifying with the interest-only payment to qualifying with the fully amortized payment as follows:
 - For fixed-rate loans, the borrower is qualified with the fully amortized PITIA payment.
 - For Adjustable-Rate Mortgages (ARMs), the member is qualified with the fully amortized PITIA payment using the qualifying interest rate as follows:
 - ARM with an initial fixed-rate period of less than 5 years: Note Rate plus 2%.
 - ARM with an initial fixed-rate period of 5 years or greater: Note Rate.

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

CUA 2022-01-AMGC — Supplement 1

Portfolio Program — LTV/Loan Amount/Credit Score/DTI Requirements

OCCUPANCY	LOAN PURPOSE	PROPERTY TYPE	MAXIMUM LTV/CLTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI
Primary Residence	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	97%/97%	\$1,000,000	620	50%
			95%/95%	\$1,000,001–\$1,500,000 ²	660	45%
			90%/90%	\$1,500,001–\$2,000,000 ²	660	45%
			85%/85%	\$2,000,001–\$2,500,000 ²	660	45%
	Cash-Out Refinance (Maximum \$250,000)	1-Unit SFD/SFA, Condos, Co-ops ¹	95%/95%	\$850,000	620	50%
				\$850,001–\$1,000,000	660	45%
		2 Units	90%/90%	\$850,000	620	45%
	Second Home	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	90%/90%	\$1,000,000	660
Manufactured Homes			90%/90%	\$750,000	680	45%
Cash-Out Refinance (Maximum \$200,000)		1-Unit SFD/SFA, Condos, Co-ops ¹	85%/85%	\$850,000	700	45%
Investment	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	90%/90%	\$1,000,000	680	45%
Construction-to-Permanent Loans						
Primary Residence	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Detached Condos	97%/97%	\$850,000	680	45%
			95%/95%	\$1,000,000	620	45%
			90%/90%	\$1,000,001– \$1,500,000 ²	660	45%
		Manufactured Homes	95%/95%	\$850,000	660	45%
		2 Units	95%/95%	\$1,250,000 ²	680	45%
Second Home	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Detached Condos	90%/90%	\$1,000,000	660	45%
		Manufactured Homes	90%/90%	\$750,000	680	45%
Renovation Loans						
Primary Residence	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	97%/97%	\$850,000	680	45%
			95%/95%	\$1,000,000	620	45%
			90%/90%	\$1,000,001–\$1,500,000 ²	660	45%
		2 Units	95%/95%	\$1,250,000 ²	660	45%
Second Home	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ¹	90%/90%	\$1,000,000	660	45%

¹ Co-op eligibility limited to the states of CA, CT, DC, IL, MA, MD, NH, NJ, NY, VA and WA.

² See section 3.1.2 of the AMGC UW Manual for additional underwriting requirements for these loan amounts.

CUA 2022-01-AMGC — Supplement 2

Reduced Coverage Medical and Dental Professionals Program — LTV/Loan Amount/Credit Score/DTI Requirements

ELIGIBLE LOAN TYPES — FIXED-RATE/FIXED-PAYMENT AND ARMS							
RATESTAR PRICING ONLY							
OCCUPANCY	TRANSACTION TYPE ¹	PROPERTY TYPE	LTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI	PITIA RESERVES ²
Primary Residence	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ⁵	97.01– 100% ^{3, 4}	\$650,000	720	43%	2 Months
				\$650,001–\$850,000	740		
			90.01–97%	\$650,000	620	45%	
				\$650,001–\$850,000	680		
90.01–95%	\$850,001–\$1,000,000	700	45%	6 Months			

¹ Construction-to-perm and renovation loans are also included.

² Additional reserves are required for post-close employment. See the AMGC UW Manual for complete requirements.

³ Pharmacists without a Pharm.D. and chiropractors are ineligible for LTVs > 97%.

⁴ Construction-to-permanent loans and renovation loans are ineligible for LTVs > 97%.

⁵ Co-op eligibility is limited to the states of CA, CT, DC, IL, MA, MD, NH, NJ, NY, VA and WA.

Standard Medical and Dental Professionals Program — LTV/Loan Amount/Credit Score/DTI Requirements

ELIGIBLE LOAN TYPES — FIXED-RATE/FIXED-PAYMENT AND ARMS							
RATESTAR AND RATE CARD PRICING							
OCCUPANCY	TRANSACTION TYPE ¹	PROPERTY TYPE	LTV	MAXIMUM LOAN AMOUNT	MINIMUM CREDIT SCORE	MAXIMUM DTI	PITIA RESERVES ²
Primary Residence	Purchase and Rate/ Term Refinance	1-Unit SFD/SFA, Condos, Co-ops ³	97%	\$650,000	620	45%	2 Months
			90.01–97%	\$650,001–\$850,000	680		
			80.01–90%	\$650,001–\$850,000	620		
			95%	\$850,001–\$1,000,000	700	45%	6 Months
			90%	\$1,000,001–\$1,500,000	720	41%	9 Months

¹ Construction-to-perm and renovation loans are also included.

² Additional reserves are required for post-close employment. See the AMGC UW Manual for complete requirements.

³ Co-op eligibility is limited to the states of CA, CT, DC, IL, MA, MD, NH, NJ, NY, VA and WA.

CUA 2022-01-AMGC — Supplement 3

Reserves, Portfolio Program

OCCUPANCY	PROPERTY TYPE	LOAN AMOUNT	RESERVES
Primary Residence	1-Unit, SFD/SFA, Condos, Co-ops, Manufactured Homes	≤ \$1,000,000	2 Months
		\$1,000,001–\$1,500,000	9 Months
		\$1,500,001–\$2,500,000	12 Months
	2–4 Unit	All Eligible Loan Amounts	6 Months
Second Home	1-Unit, SFD/SFA, Condos, Co-ops, Manufactured Homes	All Eligible Loan Amounts	6 Months (Subject Property Only)
Investment	1-Unit, SFD/SFA, Condos, Co-ops	All Eligible Loan Amounts	6 Months (Subject Property Only)

Reserves, Interest-Only Program

OCCUPANCY	PROPERTY TYPE	LOAN AMOUNT	RESERVES
Primary Residence	1-Unit, SFD/SFA, Condos, Co-ops	≤ \$500,000	2 Months
		\$500,001–\$850,000	6 Months
		\$850,001–\$1,000,000	12 Months

Reserves, Medical Dental Professionals Program

OCCUPANCY	PROPERTY TYPE	LOAN AMOUNT	RESERVES
Primary Residence	1-Unit, SFD/SFA, Condos, Co-ops	≤ \$850,000	2 Months
		\$850,001–\$1,000,000	6 Months
		\$1,000,001–\$1,500,000	9 Months

Note: When employment begins post-closing, an additional month's reserve is required for each month after the Note date until employment begins.