

CUSTOMER ANNOUNCEMENT

CUA 2022-01 | March 1, 2022

► Desktop Appraisal Eligibility and Expanded Medical and Dental Professionals Program

Arch MI Announces Desktop Appraisal Eligibility and Additional Underwriting Updates and Clarifications

On February 2, 2022, Fannie Mae and Freddie Mac announced a new desktop appraisal option. For loans submitted or resubmitted to Loan Product Advisor® (LPASM) on or after March 6, 2022, and loans submitted or resubmitted to Desktop Underwriter® (DU®) on or after March 19, 2022, certain purchase transactions will receive a desktop appraisal offering. A desktop appraisal does not require a physical inspection of the subject property but instead relies on data provided by various sources such as the real estate agent, builder, appraiser files and public record information. Desktop appraisals must be completed using Fannie Mae Form 1004 Desktop or Freddie Mac Form 70D and include a floor plan.

Arch MI's position on desktop appraisal eligibility is summarized below:

EZ DecisioningSM Program — Arch MI will align with the Agencies' use of desktop appraisals under our EZ Decisioning Program only.

Loans exercising the desktop appraisal option must receive a valid DU Approve/Eligible or LPA Accept/Eligible recommendation and meet all eligibility requirements. The transaction must be for the purchase of a 1-unit primary residence with a Loan-to-Value ratio (LTV) not to exceed 90%. Loans with a higher LTV, as calculated using the value obtained from the desktop appraised value, may be acceptable provided the loan amount has not increased, the LTV based off the sales price is 90% or less, and all other eligibility requirements are met.

As a reminder, our Standard Underwriting Requirements continue to require a full interior and exterior inspection appraisal report.

Increased Loan Limits for the Medical and Dental Professionals Program

Effective for MI applications dated on or after March 1, 2022, Arch MI has increased the loan limits and revised our reserve requirements for the Medical and Dental Professionals Program. Highlights of the changes are shown below.

- Wherever our maximum loan amount was \$500,000, the amount has increased to \$650,000.
- Wherever our maximum loan amount was \$750,000, the amount has increased to \$850,000.
- Wherever our maximum loan amount was \$850,000, the amount has increased to \$1,000,000.
- Wherever our maximum loan amount was \$1,000,000, the amount has increased to \$1,500,000.

To align with our loan limit increases, our reserve requirements for the Medical and Dental Professionals Program have been updated as follows:

- For loan amounts \leq \$850,000, 2 months' PITIA reserves are required.
- For loan amounts \leq \$1,000,000, 6 months' PITIA reserves are required.
- For loan amounts \leq \$1,500,000, 9 months' PITIA reserves are required.

Financed MI

We have updated the term total LTV to gross LTV and revised our requirement 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.

Non-Warrantable Condos

We are clarifying 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. This has been added to section 3.14.03.02, Non-Warrantable Condominiums, as an Ineligible Condominium Project.

The Arch MI Credit Union Underwriting Manual and all supporting documents have been updated on our website and all system edits have been completed.

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