

CUSTOMER ANNOUNCEMENT

CA 2024-01-AMAC | April 30, 2024

► Expanded Underwriting Requirements for Arch MI Equity Secure, Effective Immediately

Arch Mortgage Assurance Company (AMAC) insures home equity loans and home equity lines of credit, including purchase money seconds, through Arch MI Equity SecureSM.

Effective immediately, we have expanded our Credit Documentation and Property Valuation Methods guidelines. For complete details, see below.

Credit Documentation — Single-Bureau Credit Report Option

In lieu of a tri-merge credit report, a single-bureau credit report is now permitted. Each borrower must have a valid FICO[®] score as defined below.

Valid Credit Score

- For a credit score to be considered valid, all borrowers must have a minimum credit depth of two years of satisfactory credit with at least two installment and two revolving accounts. The credit report should reflect no judgments, repossessions or charge-offs in the last 60 months.

When a lender obtains a bi-merge or tri-merge credit report, all FICO scores must be used to determine the representative credit score. For information on how to determine the representative credit score, refer to the [AMAC Reporting Program Manual](#).

All other credit documentation and evaluation requirements must be met. Refer to the [AMAC Reporting Program Manual](#) for the complete requirements.

Property Valuation Methods — AVM option for > 80% CLTV and up to 90% CLTV transactions

As an alternative to a full appraisal, an automated valuation model (AVM) or current tax year assessed value is permitted for CLTVs greater than 80% and up to 90% when the following requirements are met:

- Minimum 740 FICO.
- A minimum AVM confidence score of 80 (or confidence level of medium or high).
- Transaction must be a home equity loan or line of credit.
 - Purchase money second transactions require a full appraisal.

In addition, an AVM or current-year tax-assessed value is acceptable for transactions up to 80% CLTV (formerly allowed for CLTVs less than 80%).

For complete property valuation requirements, see the table below. All updates are in **blue font**.

CLTV	LOAN TYPE	PROPERTY VALUATION METHOD ^{1,2}
All CLTVs	Purchase Money Second	<ul style="list-style-type: none"> ▪ Uniform Residential Appraisal Report (URAR), complete with all exhibits and interior/exterior photos: <ul style="list-style-type: none"> – Single-family and detached PUDs — Fannie Mae Form 1004/Freddie Mac Form 70. – Condominiums — Fannie Mae Form 1073/Freddie Mac Form 465. <p>CLTV based on the lesser of the purchase price or appraised value.</p>
> 80%*	<ul style="list-style-type: none"> ▪ Closed-end home equity loan, or ▪ Open-end home equity line of credit 	<ul style="list-style-type: none"> ▪ Uniform Residential Appraisal Report (URAR), complete with all exhibits and interior/exterior photos: <ul style="list-style-type: none"> – Single-family and detached PUDs — Fannie Mae Form 1004/Freddie Mac Form 70. – Condominiums — Fannie Mae Form 1073/Freddie Mac Form 465. <p>* For transactions with CLTVs greater than 80% up to a maximum 90% CLTV, and with a minimum 740 FICO, an AVM or current-year tax-assessed value is permitted.</p>
≤ 80%		<ul style="list-style-type: none"> ▪ Uniform Residential Appraisal Report (URAR), complete with all exhibits and interior/exterior photos: <ul style="list-style-type: none"> – Single-family and detached PUDs — Fannie Mae Form 1004/Freddie Mac Form 70. – Condominiums — Fannie Mae Form 1073/Freddie Mac Form 465. ▪ 2055 Exterior-Only Appraisal Inspection. ▪ Automated Valuation Model (AVM) or ▪ Current-year tax-assessed value.

¹ If the property has been owned for less than one year, the lesser of the purchase price or the original appraised value must be used to calculate the LTV ratio. This value must be supported by one of the property valuation methods listed above based on CLTV.

² If the borrower inherited the property and has been on title for less than one year, the value must be supported by one of the methods listed above based on CLTV.

**The AMAC Reporting Program Manual and Quick References will be updated in a future release.
If you have any questions about this announcement, contact your Arch MI Account Manager.**