



# Independent Validation Program Manual

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## Arch MI's Independent Validation Program

Arch Mortgage Insurance Company (Arch MI) is committed to providing you with as many choices as possible to fill your mortgage insurance needs. To that end, rescission relief is provided automatically under our new Master Policy (ARCH 3800.00 (12/19)) based on a 36 months test, a 60 months test or a Quality Control (QC) review. For lenders who want rescission relief earlier than 36 months, we offer our Independent Validation Program. The *Independent Validation Program Manual* explains some of the terms and conditions included in the Independent Validation Endorsement. Customers must specifically request the Independent Validation Endorsement be added to their Master Policy in order to participate in the program.

### Independent Validation Program

Under the Independent Validation Program, we offer rescission relief for loan quality and property value upon the successful completion of an independent validation, with the exception of borrower and occupancy misrepresentation. Rescission relief for borrower and occupancy misrepresentation may be granted after the successful completion of an independent validation only if the borrower has made the first 12 timely payments.

### Independent Validation, Loan Quality and Property Value

**Independent Validation.** An independent validation is defined as an independent review conducted by Arch MI and may include the following: a review of the borrower's credit report and final loan application, verifications of income, employment and assets, details of purchase or refinance, verification of the Origination Appraisal for compliance with collateral eligibility requirements to ensure that the estimate of value is adequately supported, the final Closing Disclosure, documents showing satisfaction of all closing conditions, and a comparison of the post-close documents and data to the documents and data obtained by Arch MI prior to the loan closing date. If during the review discrepancies, errors or questionable data is discovered, new information will be obtained to re-verify the accuracy and re-assess the eligibility of the loan using reliable third-party sources.

**Loan Quality.** An independent validation of a loan for loan quality is designed to confirm that there are no significant defects. To perform an independent validation for loan quality we will: (i) review the borrower's credit report and final loan application form (Fannie Mae Form 1003/Freddie Mac Form 65) and verifications of income, employment, assets and details of purchase or refinance and (ii) compare the post-close documents and data to the documents and data obtained by Arch MI that described the loan prior to the loan closing date to ensure the Loan delivered meets the criteria of the loan originally expected.

**Property Value.** An independent validation of a loan for property value is designed to confirm that there are no material value variances. To perform an independent validation of property value we will verify the Origination Appraisal for compliance with Arch MI's collateral eligibility requirements to ensure that the estimate of value is adequately supported. We may use an appraisal, third-party automated valuation tool or a value-related

fraud detection tool, each of which must be recognized as reasonably reliable within the mortgage insurance industry.

## Requirements for Independent Validation Rescission Relief

### *Non-Delegated Loans*

- **Property Value.** Arch MI will perform an independent validation for property value during the mortgage insurance underwriting process. That means you will automatically receive independent validation rescission relief for property value on all non-delegated loans that are underwritten and approved by Arch MI.
- **Loan Quality.** Within 120 days of the loan closing, you will need to submit documentation sufficient to demonstrate that the loan closed in accordance with the information supplied to us in the MI application (post-close documents and data). Arch MI will conduct a review of the post-close documents and data and if they are acceptable, you will receive a notification granting independent validation rescission relief.

The required post-close documents and data are:

- Final, signed Loan Application (Fannie Mae Form 1003).
- Final Closing Disclosure.
- Executed Mortgage or Deed of Trust.
- Executed Promissory Note with any riders.
- Title Insurance Commitment or attorney's opinion of title.
- Other documents as reasonably required, such as Underwriting Conditions or documents received after the certificate was issued.

### *Delegated Loans*

Customers must supply the full Loan Origination File and the post-close documents within 120 days of the loan closing or property completion, whichever is later. We will then perform an independent validation of loan quality and property value, and, if acceptable, you will receive a notification granting independent validation rescission relief for loan quality and/or property value. If you do not deliver documents sufficient to permit us to complete independent validation for either loan quality or property value within 120 days, we will not complete an independent validation and you will receive rescission relief as provided within the Master Policy.

The required documents are:

- Original, signed Loan Application (Fannie Mae Form 1003).

- Final, signed Loan Application (Fannie Mae Form 1003).
- Borrower's Certification and Authorization.
- Underwriting Transmittal (Fannie Mae Form 1008).
- Final Lenders Loan Approval and conditions.
- Appraisal.
- Credit Report and all other credit documentation.
- DU Findings/LP Findings, if applicable.
- Employment and Income documentation (i.e., verbal VOE, paystubs, W-2s, tax returns).
- Transcripts or copies of the borrower's tax returns obtained from the IRS, if applicable.
- Asset Verification (i.e., bank statements, Verification of Deposit).
- Purchase Contract, if applicable.
- Final Closing Disclosure.
- Executed Mortgage or Deed of Trust.
- Executed Promissory Note with any riders.
- Title Insurance Commitment or attorney's opinion of title.
- Other documents as reasonably required, such as Underwriting Conditions or documents received after the certificate was issued.

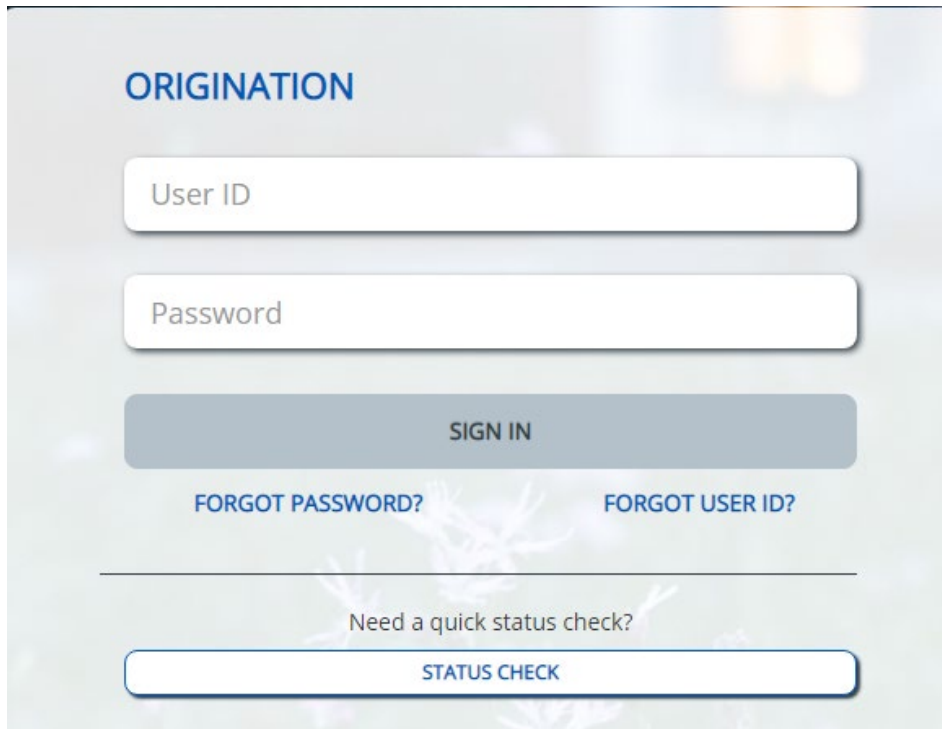
### **Submitting Documents for the Independent Validation Review**

Within 120 days of the loan closing, submit your Independent Validation Program review documents to us. There are two ways to upload documents to us for this program: through Arch MI's **CONNECT** or via FTP (File Transfer Protocol).

#### *Uploading via Arch MI's **CONNECT** System*

If you do not have a user ID and password, email [uwcustomerservice@archmi.com](mailto:uwcustomerservice@archmi.com) and request access to upload documents for the Independent Validation Program.

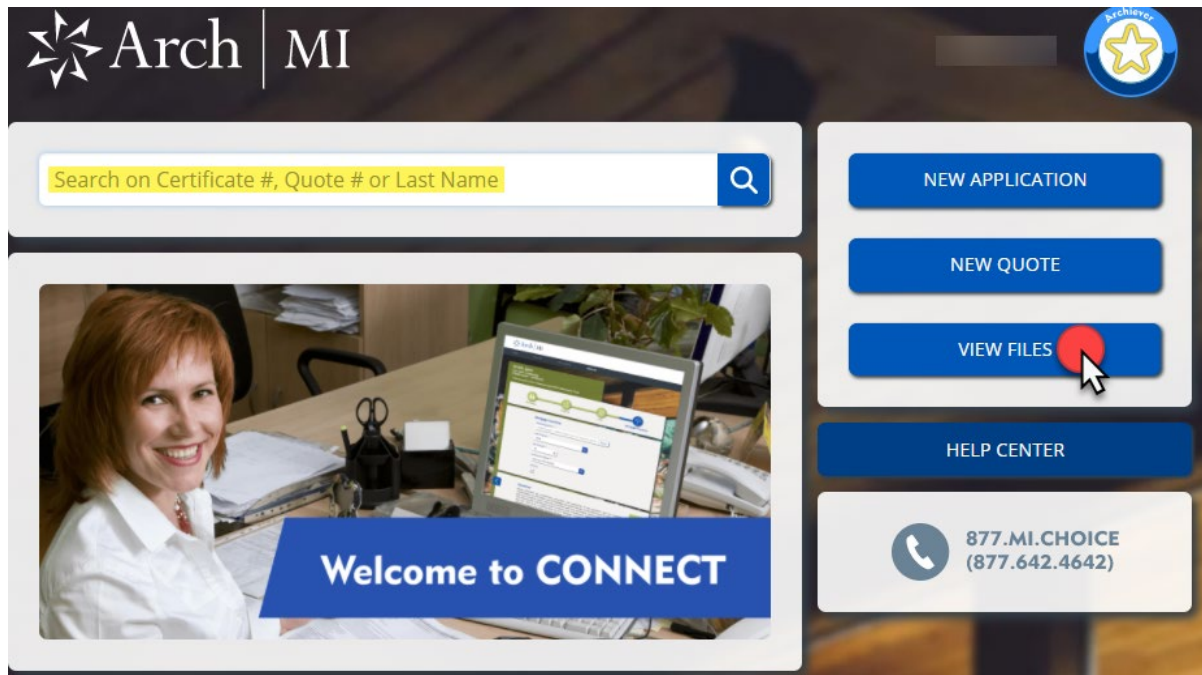
Once you have a user ID and password, log into **CONNECT** Origination and enter your user ID and password and click the “Sign In” button and follow the procedures.



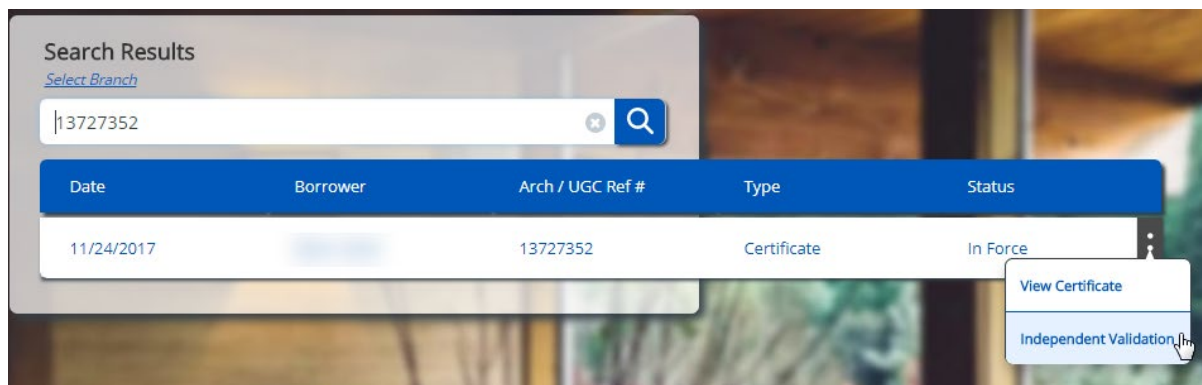
The screenshot shows a login interface titled "ORIGINATION". It features two input fields: "User ID" and "Password". Below these fields is a prominent "SIGN IN" button. Underneath the sign-in button are two links: "FORGOT PASSWORD?" and "FORGOT USER ID?". A horizontal line separates this section from the bottom part of the page, which contains the text "Need a quick status check?" and a "STATUS CHECK" button.

### Independent Validation Documentation Upload

Select “View Files” from the home page or use the search feature to find a certificate.



Use the search bar at the top of the “View Files” pipeline or scroll down the page to find the certificate for independent validation documentation. Once the certificate is found, use the drop-down menu from the right side of the certificate and choose “Independent Validation.”



Use the “Upload Reason” box to type information for our independent validation group. Select the “Documents” window to browse for documents to attach (or use the “Drag and Drop” feature from your desktop files).


**Dough, Jonathan**  
 Arch MI Reference No.: F56478912  
 COMMITMENT - APPROVED  
\* This was issued on an Arch MI (AMIC) Master Policy.

**Independent Validation**

Upload Reason

Type information for our independent validation staff

**Documents**

  
**DRAG & DROP**  
 or [browse](#) to select your file

**Disclaimer**

Lender represents the completeness, correctness, and authenticity of the application and the supporting documentation and information, and acknowledges and agrees that any Commitment issued by Arch MI is issued in reliance upon and conditioned upon such certification. Desktop Underwriter is a registered mark of Fannie Mae. Loan Product Advisor is a service mark of Freddie Mac. Negative Amortization is unavailable in

SUBMIT >

As documents are added to the page, they will show up in a small window above the “Drag and Drop” box. The status will show as “Uploaded” when they are ready to be submitted. You may select “Remove” if you wish to remove a document from the upload.

**Documents**


Documents	Status	Action
A923_QA_Doc_Station_Guide.pdf	Uploaded	<a href="#">Remove</a>



Once all documentation has been selected, use the “Submit” button to finalize the process and submit the documentation to Arch MI. You should be presented with a receipt page confirming the upload for independent validation. This receipt page will detail the documentation provided and received by us. A printer-friendly option will allow you to convert this page to a PDF for electronic storage or to print a hard copy for your files.

**Dough, Jonathan**  
 Arch MI Reference No. : F56478912  
 COMMITMENT - APPROVED  
*\* This was issued on an Arch MI (AMIC) Master Policy.*

PRINTER FRIENDLY



## Independent Validation

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Submitted on: Mon Apr 16 2018 12:33:10 GMT-0400 (Eastern Daylight Time)

Certificate No:	F56478912
Borrower Name:	Dough, Jonathan
Property Address:	234 N Maple Ave, Greensboro, NC 27401
Loan No.:	101-121212211
Document(s) Uploaded:	A923_QA_Doc_Station_Guide.pdf
Upload Reason:	Type information for our independent validation staff
Submitted by:	Polly Processor pprocessor@acmebank.com

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### *Uploading via FTP*

To request an FTP upload process in lieu of using **CONNECT**, [click here](#) to access the Secure File Transfer Sign-Up Form. In the File Transfer Function section, select “Independent Validation (Rescission Relief),” complete the entire form and then click “Submit.” Arch MI will then contact you to set up the site and to discuss the FTP document upload process.

## Communication of Results

Arch MI will review the file within a reasonable time frame, but in no instance will the review take longer than six months. We will send you a notification advising that we are granting independent validation rescission relief. If early relief cannot be granted, we will send you an explanation for our decision.

## Reconsideration

If you would like to request reconsideration of Arch MI's decision, provide a written appeal letter along with any supporting documentation to Arch MI at [appeals@archmi.com](mailto:appeals@archmi.com).

## Contact Us

If you have any questions, email us at [postclosing@archmi.com](mailto:postclosing@archmi.com).

**NOTE:** *The Independent Validation Manual is intended to explain some of the terms and conditions included in the Independent Validation Endorsements to the Master Policy and to provide additional details regarding the delivery of loans to Arch MI for coverage under the Independent Validation Program. Please read the Master Policy and the Independent Validation Endorsement carefully in conjunction with this Manual. Please note that capitalized terms used in the Independent Validation Program Manual that are not defined in this manual are defined in the Master Policy or in the Independent Validation Endorsement.*