

CREDIT RISK BULLETIN

#1-16-NR-AMGC

Program Change Summary – Arch Mortgage Guaranty Company

Arch Mortgage Guaranty Company (AMGC) is announcing changes to its Super Jumbo and Portfolio Program Guidelines.

Changes applicable to the entire document

- Removed Cooperative Housing Units (co-ops) from matrices (pending filed approval)
- Removed references to High Combined Loan-to-Value (HCLTV) in matrices

Portfolio Product Eligibility Matrix

- Owner-Occupied Purchase or Rate/Term Refinance & Construction-to-Permanent (CTP)
 - Added loan amounts to 95% LTV, 1-Unit Single-Family Detached/Single-Family Attached (SFD/SFA), Condos:
 - \$417,000, 660 FICO, 45% Debt-to-Income (DTI)
 - \$625,500, 700 FICO, 45% DTI
 - Added loan amounts to 90% LTV, 1-Unit SFD/SFA, Condos
 - \$625,500, 680 FICO, 45% DTI
 - Manufactured Homes
 - Added 90% LTV at \$417,000, 680 FICO, 45% DTI
 - 2-Units
 - Increased LTV to 95%, previously 90%
 - Added loan amount \$533,850, 680 FICO, 45% DTI
- Owner-Occupied Cash-Out
 - 1-Unit SFD/SFA, Condos
 - Added 85% LTV at \$417,000, 700 FICO, 45% DTI
- Second Homes Purchase or Rate/Term Refinance & CTP
 - Added Manufactured Homes
 - Revised loan amount to \$625,500
- Investment
 - Added 85% LTV at \$625,500, 700 FICO, 45% DTI



Super Jumbo Eligibility Program Matrix

- Owner-Occupied Purchase or Rate/Term Refinance:
 - Added \$650,000 loan amount, 700 FICO, 45% DTI
- Owner-Occupied CTP
 - Added loan amounts: \$650,000, 700 FICO, 45% DTI & \$750,000, 720 FICO, 45% DTI
- Second Home Purchase or Rate/Term Refinance:
 - Added loan amount \$650,000, 720 FICO, 45% DTI

Interest Only Product Eligibility Matrix

- Removed Maximum Housing DTI

Program Guidelines

- Eligible Property Criteria and Types
 - Removed Co-ops as eligible property type
 - Manufactured and Modular Homes
 - Included definition of eligible manufactured homes
 - Removed “single-wide ineligible” (listed under Ineligible for Mortgage Insurance)
- Loan Purpose
 - Cash-out refinance
 - Added bullet: “Pay off a subordinate lien, which is seasoned less than 12 months”
 - Added “Property constructed w/in the last 12 months” as Ineligible for cash-out transaction
- Eligible Loan Type
 - Revised temporary buydowns bullet
- Employment and Income requirements
 - Added Document Efficiencies section
- Credit History
 - Removed “ a minimum of 2 credit scores are required for each borrower”
 - Loan Representative Score
 - Amended to match Arch Mortgage Insurance Company changes for Qualifying Credit Score requirements announced 12/15/2015
 - Removed charge-off accounts as debts required to be paid off prior to closing
 - Added bullet: “Minimum of 5 years’ re-established traditional credit is required for borrowers with more than 1 bankruptcy in the past 7 years”
- Minimum Down Payment
 - Revised to allow gifts to maximum loan amount of \$1,000,000; borrower’s own funds required on loan amounts >\$1,000,000



- Cash Reserves
 - Added Principal, Interest, Taxes, Insurance, Association Dues (PITIA) verbiage
 - Revised Jumbo/Super Jumbo Cash Reserves to include:
 - >\$417,000 (\$625,500 in AK & HI)- \$650,000 = 4 months' PITIA
 - >\$650,000 - \$850,000 = 6 months' PITIA
 - Added Conversion of Primary Residence requirements
- Ineligible for Mortgage Insurance
 - Added Co-ops

Construction-to-Permanent Guidelines

- Added language allowing MI Coverage activation at initial construction financing in the Construction Phase and Mortgage Insurance Activation sections

Seasoned Loans

- Removed as general guideline. Will remain in Underwriting Manual.