

CUSTOMER ANNOUNCEMENT

CUA 2018-06 | November 15, 2018

► Arch MI Credit Union Underwriting Manual Updates

The Arch MI Credit Union Underwriting Manual (UW Manual) has been updated.

The updates include changes previously announced in [CUA 2018-02](#), [CUA 2018-03](#), [CUA 2018-04](#) and [CUA 2018-05](#) along with the additional changes listed below.

The following changes are effective November 15, 2018, unless otherwise noted:

SECTION	CHANGE
Section 1.03.03, EZ Application	<ul style="list-style-type: none"> Removed the requirement for a signed and dated Arch MI Application for Insurance. Removed the reference to a one-repository, in-file credit report to be consistent with section 3.12.01.02, Minimum Number of Scores Required.
Section 1.04.01.02, Commitment Term	Clarified that the standard commitment term is 4 months; however, a 12-month commitment term will be issued for construction-to-permanent loans except for manufactured homes, which will receive a 4-month commitment term regardless of the construction status.
Section 1.04.03, Pre-Qualification Underwriting Program	Added a new section to detail the requirements for a Pre-Qualification Notice (available with an Arch MI Master Policy only).
Section 2, Underwriting Requirements for Loans Underwritten with Desktop Underwriter® (DU) or Loan Product Advisor – EZ DecisioningSM and CU SwiftClose®	Clarified that a DU® Approve/Ineligible or Loan Product Advisor® Accept/Ineligible, is allowed when the ineligibility is due to none of the members being a first-time homebuyer.
Section 2.02, EZ Decisioning and CU SwiftClose – Additional Underwriting Requirements	<ul style="list-style-type: none"> Clarified that Arch MI does not provide relief from representation of the property value based on the Agencies' automated collateral evaluation tools. The credit union must underwrite the appraisal to determine value is adequately supported. Clarified that corporations, partnerships, syndications and irrevocable trusts are ineligible borrowers. Manufactured home construction-to-permanent loans are now allowed (effective April 25, 2018).
Section 3.05.01, Age of Documentation	<ul style="list-style-type: none"> Clarified the requirements for Age of Documentation. Clarified that for a single-close construction-to-permanent transaction, if the credit union updates documentation prior to activating the mortgage insurance (for example, to satisfy Agency requirements), any material differences discovered must be reported to Arch MI per the Master Policy requirements.
Section 3.05.03, Documentation Requirements for All Loans (Manually or Agency AUS)	Clarified that Arch MI does not provide relief from representation of the property value based on the Agencies' automated collateral evaluation tools. The credit union must underwrite the appraisal to determine value is adequately supported.
Section 3.06.01.02, Jumbo Loan Amounts \$850,001–\$1,500,000	<p>Removed the following requirements:</p> <ul style="list-style-type: none"> Previously restructured mortgages require 7 years' seasoning from the restructure date, and satisfactory re-established credit must be verified. A refinance that includes the restructure of the current mortgage loan is ineligible. Properties flipped within 180 days that result in a price increase are ineligible.

SECTION	CHANGE
Section 3.06.03, Medical and Dental Professionals Program	Added Chiropractor (DC) as an eligible occupation.
Section 3.07.02.02, Minimum Qualifying Rate – Temporary Interest-Rate Buydown	Updated as follows: <ul style="list-style-type: none"> ▪ Fixed-rate loans: Note rate. ▪ ARM with an initial fixed-rate period less than 5 years: Note Rate plus 2%. ▪ ARM with an initial fixed-rate period 5 years or greater: Note Rate.
Section 3.08.03.02, Construction-to-Permanent Loans – Additional Requirements	Removed manufactured homes as ineligible (effective April 25, 2018).
Section 3.09.02, Non-Occupant Borrower/Co-Signer	Removed investment properties as ineligible.
Section 3.14.04, Manufactured Homes	<ul style="list-style-type: none"> ▪ Clarified the definition of a manufactured home. ▪ Reorganized information for more clarity and created subsections. ▪ Removed construction-to-permanent loans as ineligible (effective April 25, 2018).
Section 3.14.05, Modular, Panel/Pre-Fab and Pre-Cut Homes	Clarified the definition of a modular home.
Section 3.15.03, Investment Property	Clarified that for a “kiddie condo,” if the child that will occupy the property is a borrower on the loan, the loan may qualify as a primary residence non-occupant co-borrower transaction.

Click [here](#) to view the updated UW Manual. A consolidated list of all changes can be found at the front of the manual on the “Summary of Underwriting Manual Updates” page.

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