

National MI Announcement: UW: 2015-04

Date of Announcement: July 13, 2015

Effective Date of Changes: The changes described in this announcement are applicable to all MI applications received on, or after, July 20 2015 unless otherwise noted below. These changes are incorporated into the National MI Underwriting Guidelines dated July 13, 2015.

Guideline Changes

- **Expanded definition of Rate and Term (Limited Cash Out) refinances**

Payoffs of nonpurchase-money subordinate liens (seasoned 12 months with draws not exceeding \$3,000 in the last 12 months) and/or payoffs of joint owners (meeting specified requirements) may now be insured at higher LTVs according to Non-AUS rate and term refinance guidelines (per revisions to Section 3.4.2) rather than the lower cash-out LTV limits previously applicable

- **Co-borrowers without scores are now eligible**

Provided the loan is GSE eligible and approved via Section 2 guidelines, and so long as at least one borrower has an acceptable credit score, loans including one or more borrowers without a score are now eligible per revisions to Section 2.2.7 guidelines

- **Expansion to include 3-4 unit properties**

Section 3.6.1.4 and the following matrices have been updated making 3-4 units eligible

- Section 2.3.3 (Conforming AUS Affordable) to 95% LTV/105% CLTV with a minimum FICO of 700
- Section 3.13
 - Non-AUS Conforming Affordable to 90% LTV/105% CLTV with a minimum FICO of 720
 - Non-AUS Conforming to 90% LTV with a minimum FICO of 720

Eligible properties must meet the following requirements:

- Maximum \$625,500 (\$850,000 in AK/HI)
- Purchase, rate and term refinance, and construction to permanent
- Minimum 6 months reserves (PITIA) applicable to both AUS Eligible and Non AUS loans

- **Employment and compensation increases may be utilized up to 90 days prior to start**

The threshold has been increased to 90 days from 60 days after closing for the first day of employment or the effective date of a compensation increase that may be included when qualifying the borrower per Section 3.5.1.8 applicable to Non-AUS loans

- **Temporary buydowns permitted for Non-AUS ARMs**

Section 3.1.6 has been revised to permit temporary buydowns for Non-AUS ARMs provided specified requirements are met

Guideline Clarifications

- Removed from 2.3.3 (AUS Eligible Affordable Lending Matrix) language discussing 97% approve/accept ineligible due to LTV (the GSEs now purchase loans up to 97% LTV)
- Consistent with 3.6.1.9, added language in 3.5.1.33 stating that rental income from accessory units is ineligible (cannot be included in qualifying income)
- Added language to 3.6.2 listing properties with resale restrictions (other than age restrictions in senior living developments) as ineligible