

National MI Announcement: UW 2021-02

Date of Announcement: May 25, 2021

Effective Date of Changes: June 1, 2021 (unless otherwise noted)

National MI is pleased to announce an update to the TrueGuide[®] which includes the following changes and clarifications:

- **Changes for AUS & Non-AUS/Manually Underwritten Loans:**
 - **Cash-on-Hand:** Expanded to allow Cash-on-Hand as an eligible source of funds for an Affordable Lending mortgage per applicable GSE or HFA requirements.
- **Changes for Non-AUS/Manually Underwritten Loans:**
 - **Borrower Minimum Contribution (Occupant Borrower's Own Funds):** For loan amounts meeting the GSE conforming or high balance/super conforming loan limits, National MI's former Affordable Gift Feature has been replaced and now the occupant borrower's minimum 3% contribution may come from gifts/grants on a 1-unit Primary Residence with no secondary financing, so long as either: (i) a minimum 3% is verified in occupant borrower's asset accounts, or (ii) the occupant borrower has a minimum 720 FICO.
 - **Proceeds from the Sale of Assets other than Real Estate Owned:** Expanded to require evidence of the sold asset's value only when the proceeds from the sale exceed 50% of the qualifying income; and added that the asset purchaser must not be an interested party to the mortgage transaction.
 - **Retirement Asset Liquidation as Income:** For loans using 401(K), IRA or Keogh retirement income distributions as qualifying income, removed the 70% adjustment requirement; and clarified the requirement for the borrower's unrestricted access without penalty.
 - **Qualifying Payment Amounts for Open 30-Day Charge Accounts:** Changed to require either the file evidence sufficient funds to pay-off the open 30-day charge account, or the full amount of the outstanding balance on the open 30-day charge account is to be included in the DTI.
- **In addition, the TrueGuide[®] update includes:**
 - As communicated on March 22, 2021, in Bulletin 2021-01, effective March 8, 2021, National MI removed the overlay requiring that a borrower in an active COVID-19 forbearance seeking new financing provide a written explanation to confirm that the applicable hardship is not on-going and is unlikely to recur.
 - Clarified that the borrower's occupancy representation on the loan application must not contradict other risk variables within the transaction.
 - For loans with a Fannie Mae Collateral Underwriter[®] (CU[®]) score of ≤ 2.5 and eligible for Fannie Mae Day 1 Certainty appraisal rep & warrant relief, National MI will accept either the CU[®] Print Report or UCDP SSR from CU[®] as sufficient documentation to warrant a limited appraisal review.
 - Clarified the insured's obligations under the Commitment and all reference to expired or cancelled Commitments is now included in the revised Section 4.4, Commitment and Insurance Activation.

An update to National MI's TrueGuide[®] Underwriting Guidelines explaining these changes and clarification will be posted to nationalmi.com on or before June 1, 2021.

For complete details on our rates and guidelines please visit nationalmi.com.