

National MI Announcement: UW: 2016-06

Date of Announcement:	August 8, 2016
Effective Date of Changes:	The changes described in this announcement are applicable to all MI applications received on, or after, August 22, 2016 unless otherwise noted below. These changes are incorporated into the National MI Underwriting Guidelines dated August 22, 2016.

Fannie Mae HomeReady Changes

National MI fully supports Fannie Mae's HomeReady® guideline and homeowner education changes announced in the July 26, 2016 Fannie Mae *Selling Guide (2016-06)* with no changes to the National MI Guidelines.

Guideline Changes

- **Expanded Conforming Affordable Lending**
 - Added High Balance eligibility and loan amounts to the affordable matrix
 - One-Unit: 95% LTV / 95% CLTV (Max amount \$625,500)
 - Two-Units: 85% LTV / 95% CLTV (Max amount \$800,775)
 - Reduced the Two-Unit minimum FICO® to 620 from 660 (applicable to all amounts)
- **Amended Guidelines to permit sweat equity**
- **Mortgage Credit Certificates (MCCs)** are now an eligible income source for Non-AUS
- Added "State Restrictions" to TrueGuide limiting availability of MI in New York consistent with existing state restrictions
- Defined Non-AUS policy regarding Third Party Validation Services providers – Master Policy holder is responsible for ensuring the accuracy and integrity of information
- Established additional Non-AUS flexibilities defining military service member primary residence

Guideline Clarifications

- Expanded Comprehensive Credit Assessment section, General and Form 4506 Requirements – Income Stability section, and Self Employment section language – consistent with GSE requirements and reasonable expectation of income distribution and continuance for 3+ years
 - Duplicated language in AUS Matrices stating at least one borrower must have a score
 - Added definition of "Last Year" to address both W-2s and tax returns
 - Added "Resale Restrictions" defining eligible affordability and age-related deed restrictions
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An update to National MI's TrueGuide Underwriting Guidelines explaining these changes in detail will be posted to nationalmi.com on or before 8/22/2016.