



BULLETINS: Quick View

National MI Announcement: UW: 2017-02

Date of Announcement: May 1, 2017

Effective Date of Changes: May 15, 2017 (unless otherwise noted)

National MI is pleased to announce the following guideline changes:

▪ **Jumbo Loan Amounts:**

- For Primary Residences:
 - Increased LTV to 95% up to \$850,000 and reduced minimum FICO® from 700 down to 680
 - Increased loan amount up to \$1.5 Million; and added that > \$1 Million loan amounts require MI submission via the Non-Delegated Underwriting path
- For Second Homes, increased loan amount up to \$850,000
- Reduced ARM minimum initial fixed-rate term down to 1-year for <= \$650,000 loan amounts; and down to 3-years for > \$650,000 to \$1 Million loan amounts
- For <= \$650,000 loan amounts, reduced minimum reserves down to 2 months and added documentation efficiencies allowed by DU® or LPA®

▪ **Medical Professionals Program:**

- Added a Medical Professional Product Eligibility Matrix
- Increased DTI from 45% up to 50%
- Reduced minimum FICO from 700 down to 620 for <= \$650,000 loan amounts
- Increased loan amount up to \$1.5 Million
- Expanded borrower's minimum contributions to be based on loan amount in lieu of LTV
- Added Manufactured Homes as an eligible property type up to 90% LTV and maximum \$650,000
- Added Construction-to-Permanent loans
- Reduced ARM minimum initial fixed-rate same as Jumbo Loan Amounts
- Reduced minimum reserves same as Jumbo Loan Amounts
- Added documentation efficiencies allowed by DU or LPA same as Jumbo Loan Amounts

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▪ **For AUS Approval loans:**

- **Manufactured Homes:** Expanded to allow up to \$636,150 Conforming High Balance loan amounts up to 95% LTV.
- **Expanded to allow the following Non-AUS or manually underwritten terms for AUS Approval loans:**
 - **Military Service Members Occupancy** – which allows occupancy > 60-days after loan closing
 - **Rate and Term Refinance** – which allows pay-off 12-months seasoned non-purchase money seconds with <= \$3,000 in draws in the past 12 months
 - **Medical Professional Program** – which excludes 12-month deferred student loan debt from the maximum 50% DTI; and also allows other terms
 - **Employment Offers and Compensation Increases** – which allows new employment or income increase be used in qualifying when the borrower's first day of employment or income increase is within 90-days of loan closing
 - **Reverse Mortgage Income** – which allows reverse mortgage income to be used in qualifying
 - **Other Eligible Income** – which allows salary and hourly income (and 1-year history of receipt bonus and commission income) from marijuana cultivation, distribution and sale in states where the activity is legal
 - **Student Loans** – which allows 0.5% of the combined outstanding balances in student loan debt to be used qualify; and also allows co-signer paid (with 12 months timely payments documented) and employer-paid student loan debt (with 3 year continuance documented) need not be included in DTI
- **Appraisal Review for Freddie Mac's Loan Collateral Advisor® (LCA®) and Property Inspection Waiver (PIW) on LPA® Approved Loans:** Added reference that National MI requires a full appraisal review irrespective of the LCA findings, as Freddie Mac has not changed their appraisal review requirements and does not currently offer property inspection waivers.

▪ **For Non-AUS or Manually Underwritten loans:**

- **Affordable Lending:** Added Co-ops as an eligible property type at a 97% LTV.
- **Fannie Mae Collateral Underwriter® (CU®) Risk Score <= 2.5 for Non-AUS Loans:** Added the same streamlined underwriting review for a Non-AUS loan that National MI currently allows for a DU® Approved loan.
- **Student Loans:** Added co-signer paid (with 12 months timely payments documented) and employer-paid student loan debt (with 3 year continuance documented) need not be included in DTI.
- **Acreage:** Increased the maximum acreage from 10 acres up to 20 acres; and added that > 20 acre properties require MI submission via the Non-Delegated Underwriting path.

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▪ **For Non-AUS or Manually Underwritten loans: (cont'd)**

- **Large Deposits:** Increased to 50% of qualifying monthly income for large deposits to trigger an investigation into the source of a deposit.
- **Acceptable Source of Borrower's Own Funds:** Expanded to allow wedding gift funds as an acceptable source of borrower's own funds; and for an Affordable Loan, these same wedding gift terms are allowed within the Affordable Gift Feature.
- **Payment of Derogatory Items:** Extended time for payment of derogatory items from at or before loan application to be at or before loan closing.
- **Renovation Loans:** Expanded to allow Second Homes.
- **Non-warrantable Condos:** Clarified non-warrantable condos will be considered on a case-by-case basis and require MI submission via the Non-Delegated Underwriting path.

The following guideline changes are **effective July 15, 2017:**

▪ **For AUS Approval loans:**

- **Renovation Loans:** Clarified that a manufactured home or a Cash-out Refinance are ineligible.

▪ **For Non-AUS or Manually Underwritten loans:**

- **Renovation Loans:** Clarified that a manufactured home is ineligible.
- **Construction to Permanent:** For Conforming and Affordable Loans, 3-4 units are ineligible when combined with Construction to Permanent.
- **Affordable Lending Reserves:** For Affordable Loans that are also a Construction to Permanent or Renovation Loan, changed to require the same reserves as currently required for Affordable Purchase transactions.

An update to National MI's TrueGuide® Underwriting Guidelines explaining these changes in detail will be posted to nationalmi.com on or before May 15, 2017.

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