

## National MI Announcement: UW: 2014-11

Date of Announcement: September 12, 2014

Effective Date of Changes: September 15, 2014

The changes described in this announcement are applicable to all MI applications received on, or after, September 15, 2014 unless otherwise noted below. The guideline changes summarized in this announcement are incorporated into the National MI Underwriting Guidelines Manual.

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### Guideline Changes

- **DU® Approve/Ineligible and LP® Accept/Ineligible Changes**
  - DU Approve / Ineligible and LP Accept / Ineligible now qualify for AUS Plus Overlay guidelines if the ineligibility is due to one of the following reasons:
    - LTV >95% to 97%
    - ARM plan/type that meets National MI's Standard ARM guidelines in section 3.1.4
  - DU Approve / Ineligible or LP Accept / Ineligible loans which meet Non-AUS guidelines or Non-AUS Affordable guidelines can now follow the AUS documentation requirements for income, assets and employment.
- **No longer require prior lender approval for:**
  - Construction-to-Permanent loans
  - Renovation loans
- **Higher conforming loan amounts now apply to Alaska and Hawaii Affordable Lending (both AUS and Non-AUS transactions)**
- **Investment Property Limited Cash Out (Rate and Term) Refinances are now eligible up to 85% LTV (Non-AUS Conforming Loans)**
- **Co-ops are now eligible as second homes (AUS and Non-AUS transactions)**

### Guideline Clarifications

Applicable to both AUS Approve (Section 2) and Non AUS (Section 3) Guidelines

- **Delegated Assurance Review** – Revised description
- **Renovation Loans** – Clarifies renovation loan guidelines (see Underwriting Guideline Manual for details)

Applicable to AUS Approve (Section 2) Guidelines

- **FICO® Scores** - All borrowers must have at least one FICO score that meets guideline/eligibility requirements (see AUS Approval guidelines in Section 2 of the Underwriting Guideline Manual)
- **Fannie Mae HomePath® property flexibilities**

- Fannie Mae’s SEL-2014-07 Announcement included new HomePath property flexibilities. Fannie Mae defines a “HomePath property” as any property that is a Fannie Mae REO available for sale. Several of our lending customers have had questions regarding the insurability of loans originated with the new flexibilities.
- The new flexibilities applicable to HomePath properties (e.g., up to 6% Interested Party Contributions over 90% LTV) fall within existing National MI requirements described in Section 2 of the Guidelines (we do not have and elected not to add an overlay prohibiting such contributions). Consistent with the treatment of other GSE guideline changes that meet National MI AUS Eligible Underwriting Guidelines, the effective date announced by the GSE (“flexibilities are effective for mortgage loans delivered to Fannie Mae on or after July 1, 2014”) determines insurance eligibility.

#### Applicable to Non AUS (Section 3) Guidelines

- **Occupancy Conversions and Pending Sales** – (Modifies Qualifying Payments description for Occupancy Conversions and Pending Sales)
- **Borrower Contribution** – “Occupant” added to Non-AUS Affordable Lending Matrix