

National MI Announcement: UW 2024-02

Date of Announcement: May 31, 2024

Effective Date of Changes: Immediately (unless otherwise noted)

National MI is pleased to announce updates to the TrueGuide[®] which include the following changes and clarifications.

AUS and Non-AUS Loans

Comprehensive Credit Assessment and Rental Property Other Than the Subject Property

- Clarifies that when a borrower is purchasing a new primary residence and converting their current home to an investment property (or a lease is utilized to calculate income on other rental properties), any rental income used must be assessed and deemed reasonable via contemporaneous online or other market research and consideration of reasonably comparable competing rental listings.

Non-AUS Loans

Gifts and Grants (effective March 1, 2024)

- GSE eligible affordable loans (per published GSE guidelines) with a GSE provided lender credit (for reimbursement of funds provided to the borrower) may follow GSE policy expansion that is currently available for HomeReady and Home Possible loans to very low-income purchase borrowers. Credit can be used to satisfy 3% minimum borrower contribution for 1-unit properties.
- Minimum 5% borrower contribution for 2-4 units. GSE/lender credit can be applied after 5% contribution for GSE eligible affordable loans (per published GSE guidelines) with a GSE provided lender credit (for reimbursement of funds provided to the borrower).

Liabilities and Ratios

- In addition to existing policy, updated to permit the amount of monthly paid alimony (with greater than 10 payments remaining) may be deducted from the gross income or included in monthly debt payments.

Non-occupant Co-borrowers

- Limits non-occupant co-borrowers to 1–2-unit properties only.

Social Security Income – Gross Up

- Aligns guidelines with the applicable GSE requirements.

Employment Offers and Compensation Increases

- Updated to state that applicable GSE requirements must be satisfied and that certain other NMI requirements must also be satisfied including a VVOE within 10 days of closing is required and the borrower's first day of employment or the date of income increase must occur within 90 days of closing and be evidenced by a paystub or other GSE eligible documentation.

Underwriting Guidelines detailing these changes and clarifications will be posted to nationalmi.com in the near future.