

# DESKTOP UNDERWRITER® (DU®) AND LOAN PROSPECTOR® (LP) GUIDELINES (DISTRESSED MARKET VERSION - ARIZONA, FLORIDA AND NEVADA)



## 1 Loans must receive one of the following recommendations:

- Desktop Underwriter®
  - Approve
  - Expanded Approval
- Loan Prospector®
  - Accept

## 2 Lenders must confirm that the loan meets these eight key guideline overlays:

- PMI's Eligibility matrix
- Minimum verified 3% down payment from the borrower's own funds (5% for high balance; 10% for second homes)
- Borrower's must have minimum 2 months of verified reserves
- Credit score is valid, i.e., at least three trade lines are evaluated for a minimum of 12 months

- Full Appraisal required (Ineligible: 2055, 2070 and 2075)
- PMI's Distressed Markets matrix, policy and guidelines must be utilized
- Condominium Project Criteria
  - Limited and Streamlined reviews allowed with maximum 30% investor concentration
  - All other condos must meet PMI Condo Project Criteria
- PMI's Property Flipping Policy

## 3 When underwriting loans using an Automated Underwriting System (AUS), PMI expects that the lender will:

- Employ prudent underwriting judgment when determining if a loan should be underwritten using DU or LP

- Confirm that all the information provided to DU or LP is accurate
- Assess the appraisal for accuracy and determine that the value is well-supported
- Use due diligence for red flags when reviewing the documentation provided
- Meet the credit report validation requirements
- Determine if there is any derogatory or contradictory information in the loan that could not be analyzed by DU or LP and take action regarding that information
- DU loans – ensure that the loan meets all the verification messages and approval conditions detailed in the findings, that the observations have been reviewed and addressed in the file
- LP loans – ensure that the loan meets the credit and loan processing information detailed on the feedback certificate

## 4 PMI's Eligibility Matrix

		FULL DOC						
		STANDARD			JUMBO LOANS			
		MAX LTV/CLTV	LOAN AMOUNT	DISTRESSED MARKET MIN CREDIT SCORE	MAX DTI	LOAN AMOUNT	DISTRESSED MARKET MIN CREDIT SCORE	MAX DTI
<b>Owner-Occupied</b> <b>Purchase or Rate/Term Refinance</b>	<b>1 Unit SFD</b> (attached <sup>1</sup> & detached, condos, <sup>1</sup> & PUDs)	95/95	\$417,000	720	45	NOT ELIGIBLE		
		90/90	\$417,000	680	45	\$625,500*	740	45
		85/85	\$417,000	680	45	\$625,500*	740	45
	<b>Co-ops</b>	90/90	\$417,000	NA	45	NOT ELIGIBLE		
		85/85	\$417,000	680	45	\$625,500*	740	45
	<b>2 Units</b>	95/95	\$533,850	720	45	NOT ELIGIBLE		
		90/90	\$533,850	680	45	NOT ELIGIBLE		
		85/85	\$533,850	680	45	NOT ELIGIBLE		

### NOTE:

1. Attached Housing is not eligible in Florida

\* Maximum \$625,500 in all markets; \$729,750 in specific approved FHFA high-cost areas only

### INELIGIBLE FOR PMI'S DU/LP PROGRAM:

- Non-occupant co-borrower\*
- Construction-Permanent loans\*
- DU recommendations: Refer, Refer with Caution, Out of Scope
- LP Risk Classification: A-Minus or Caution
- Verbal VOE only

\* Eligible using standard guidelines

### INELIGIBLE FOR PMI:

- Manufactured housing
- 3-4 units
- Third Party Originators
- Nontraditional credit
- Investment Property
- Interest-only loans
- Limited Documentation loans
- A-Minus program
- Potential or scheduled negative amortization mortgages
- Option Payment mortgages
- Rehabilitation loans
- Interested Party Contributions greater than 3% for properties in Distressed Markets