

The National MI TrueGuide® Underwriting Guidelines, effective March 24, 2025, provide a comprehensive framework for mortgage insurance underwriting, detailing the philosophy, compliance with laws, and approval processes for insured originators. The guidelines emphasize the delegation of underwriting authority, the use of the National MI AXIS Online System, and the integration with GSE AUS systems and the Delegated Assurance Review (DAR) for independent validation. They outline mortgage insurance eligibility criteria, including AUS requirements, general eligibility, and credit overlays, covering various mortgage products, borrower eligibility, occupancy types, and loan purposes such as purchases and refinances. Underwriting procedures for borrowers are specified, including income documentation, asset calculations, and credit report requirements, while property eligibility is defined by acceptable property types, ownership types, and geographic considerations. The guidelines also stipulate insurance requirements, including flood, hazard, and title insurance, and address legal and regulatory requirements, documentation age, and additional requirements for origination channels.

National MI provides mortgage insurance across all 50 states and the District of Columbia, excluding Guam, Puerto Rico, and the U.S. Virgin Islands, facilitating homeownership for first-time buyers with less than 20% down payment. The underwriting philosophy focuses on assessing borrower qualifications and the ability to maintain homeownership, considering factors such as credit history, down payment, property appraisal, and comprehensive credit assessments. Insurance can be underwritten by National MI or by partners with delegated authority, with a quality control audit process in place to ensure compliance and mitigate claims rescission risks. Submission requirements for both delegated and non-delegated submissions are detailed, including the use of the AXIS system for document delivery and insurance activation. Changes after insurance issuance, such as loan assumptions and modifications, are addressed, and insured originators must be approved by National MI before issuing insurance certificates, with compliance to fair lending laws mandatory.

The guidelines align closely with Fannie Mae and Freddie Mac's AUS, with any exceptions requiring approval. Premium plans are risk-based, offering various options for borrowers, including financed mortgage insurance affecting loan-to-value (LTV) calculations. The eligibility criteria for mortgage insurance under AUS guidelines specify that AUS approvals from Fannie Mae or Freddie Mac can guide MI approval, but National MI's underwriting requirements must also be met. Loans not processed through a GSE AUS require manual underwriting and adherence to specific eligibility criteria, with insured originators responsible for data integrity and addressing any identified red flags. Key eligibility requirements include a minimum two-year employment history, income documentation, and rental income assessment for properties converted to investment use. Renovation loans are insurable if they meet GSE eligibility and AUS requirements, and occupancy requirements stipulate that borrowers must intend to occupy the property as a primary residence.

The policy outlines specific guidelines for various loan types and borrower situations, including eligibility for loans sourced through the Wholesale channel, corporate relocations, and specific LTV assessments in New York. The appraisal review process mandates that appraised values must be well-supported, especially in volatile markets, and must align with insurance applications for LTV calculations. National MI accepts appraisal waivers under specific conditions, and eligibility for manufactured homes is limited to specific criteria. Automated tools approved by National MI for underwriting must comply with TrueGuide® requirements, protecting against rescission due to significant defects if used correctly. The guidelines also address rental income verification, limits on the number of insured loans per borrower, and the monitoring of borrower concentrations.

The underwriting guidelines for AUS loans include specific product eligibility matrices and credit overlay requirements, establishing minimum standards alongside more restrictive agency requirements. The policy specifies conditions for Adjustable Rate Mortgages (ARMs), subordinate financing, and borrower eligibility, with restrictions on cash-out refinancing for ARMs. Borrower eligibility requires valid social security numbers, with provisions for non-occupant co-borrowers and

shared equity programs. Trusts can be eligible borrowers if they comply with specific criteria, and occupancy is determined by the borrower's intent at closing.

The policy also outlines specific conditions regarding property conversions, rental income documentation, and the implications of purchasing new properties on existing owned properties. National MI does not impose special guidelines for corporate relocations, but standard underwriting applies, with potential pricing benefits for borrowers in employer-sponsored relocation programs. The mortgage insurance activation process requires specific verifications and documentation based on the age of employment, income, and appraisal data, with updated documents necessary for claims perfection.

Commitments for insurance require full documentation and underwriting before submission, with extensions or reinstatements subject to National MI's discretion. The guidelines emphasize compliance with the Master Policy and the Delegated Program Requirements for Master Policy Holders (MPHs), who must maintain data integrity and undergo periodic evaluations. The document also includes a revision history detailing changes made to underwriting guidelines and eligibility criteria over time, ensuring compliance with updated requirements. Overall, the National MI TrueGuide® provides a structured approach to underwriting, emphasizing clarity, compliance, and the facilitation of homeownership through accessible mortgage insurance options.