

Underwriting Guidelines Summary

▶ *Effective December 2011*

This summary highlights MGIC's most common programs and our Restricted Market parameters. It does not replace our Underwriting Guide, which contains definitions and full details (www.mgic.com/uwguide).

Agency Automated Underwriting Systems (AUS) Considerations

MGIC does not automatically approve loans for mortgage insurance based on decisions obtained from Agency AU systems. AUS-approved loans that exceed MGIC's guidelines must be manually underwritten by MGIC.

MGIC-approved loans with a DU EA/Eligible, LP Caution/Eligible or LP Caution A-Minus/Eligible recommendation will receive Expanded Criteria/Class 3 premium rates.

Restricted Markets

Using both internal and external information, MGIC has identified "at-risk" markets around the country, designated them as "Restricted Markets" and established separate parameters for them. Our Restricted Markets list at www.mgic.com/restrictedmarkets is continually monitored and updated.

Loans secured by properties located in MGIC's Restricted Markets must meet the applicable parameters.

Table of Contents

Primary Residence – Nonrestricted Market Parameters	page 2
Primary Residence – Restricted Market Parameters	3
Primary Residence – Construction-Permanent Parameters	4
Second Home Parameters	5
Loan Amount > \$625,500 Parameters	6
HARP Refi-to-Mod (RTM) Program Requirements	7

Primary Residence – Nonrestricted Market Parameters

LTV/Loan Amount	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
	Purchase	1	97%	\$417,000	700
	Purchase or Rate/Term Refinance ¹	1	95%	\$417,000	660
		2	95%	\$533,850	680
		1	95%	\$625,500 ²	700
Documentation Type	Full Documentation				
Loan Purpose	See LTV/Loan Amount section above.				
	Construction-Permanent Loans – Maximum 95% LTV/CLTV (See page 4 for details)				
	Ineligible: Cash-Out Refinance (See Section 3.07d for refinances paying off non-purchase money junior liens.)				
Occupancy	Primary Residence				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM – ARMs with an initial term < 5 years and 5-year ARMs with an initial cap > 5% – Maximum 95% LTV/CLTV.				
	Balloon with an initial term of 5 years or more – Maximum 95% LTV/CLTV				
	Temporary Buydown – Maximum 95% LTV/CLTV				
	Ineligible: Interest-Only; GPM; Scheduled Neg-Am; Potential Neg-Am, including Pay-Option ARMs				
Credit	For Min. Credit Score use Loan Indicator Score				
	Traditional Credit uses the lowest Indicator Score for all borrowers. Note: A borrower's Indicator Score is the lower of 2 or middle of 3 valid credit scores. A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
	Nontraditional Credit – Maximum 90% LTV/CLTV. All loans must be manually underwritten by MGIC.				
	Loans with both traditional and nontraditional credit borrowers must be manually underwritten by MGIC. See Underwriting Guide Section 4.06c for requirements.				
Property Type	Detached/Attached				
	Condominiums – Maximum 95% LTV/CLTV				
	Cooperatives – Maximum 90% LTV/CLTV				
	Ineligible: Nonwarrantable condominiums; manufactured homes				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV) requirements.				
Minimum Borrower Contribution	3% borrower's own funds (Gifts/grants can apply toward the 3%, subject to MGIC's requirements. See Underwriting Guide Section 4.08.)				
Reserves	2 months' PITI (Purchases where existing home is not sold, see Underwriting Guide Section 4.05c)				
Seller/Builder Contribution	Maximum LTV/CLTV	97%	Maximum Contribution	3%	
	Maximum LTV/CLTV	90%	Maximum Contribution	6%	
DTI Ratio	45% Total DTI with credit score \geq 740 (fixed-rate/payment \geq 5 years only)				
	41% Total DTI				
Program Guidelines	<p>See complete guidelines at www.mgic.com/uwguide for additional criteria that may apply.</p> <p>¹ Rate/Term Refinance – See Section 3.07c for payoff of second lien requirements.</p> <p>² See Loan Amount > \$625,500 Parameters.</p> <ul style="list-style-type: none"> • Loan must meet all other standard MGIC guidelines. 				

Primary Residence – Restricted Market Parameters

LTV/Loan Amount	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
	Purchase	1	95%	\$417,000	720
		1	90%	\$625,500 ²	720
	Rate/Term Refinance ¹	1	90%	\$417,000	720
1		85%	\$625,500 ²	720	
Documentation Type	Full Documentation				
Loan Purpose	See LTV/Loan Amount section above.				
	Construction-Permanent Loans (See page 4 for details)				
	Ineligible: Cash-Out Refinance				
Occupancy	Primary Residence				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM				
	Balloon with an initial term of 5 years or more				
	Temporary Buydown				
	Ineligible: Interest-Only; GPM; Scheduled Neg-Am; Potential Neg-Am, including Pay-Option ARMs				
Credit	For Min. Credit Score use Loan Indicator Score				
	Traditional Credit uses the lowest Indicator Score for all borrowers. Note: A borrower's Indicator Score is the lower of 2 or middle of 3 valid credit scores. A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
	Nontraditional Credit – Maximum 90% LTV/CLTV. All loans must be manually underwritten by MGIC.				
	Loans with both traditional and nontraditional credit borrowers must be manually underwritten by MGIC. See Underwriting Guide Section 4.06c for requirements.				
Property Type	Detached/Attached				
	Condominiums – Maximum 90% LTV/CLTV				
	Cooperatives – Maximum 90% LTV/CLTV				
	Ineligible: Attached housing, cooperatives and condominiums in FL; nonwarrantable condominiums; manufactured homes				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV) requirements.				
Minimum Borrower Contribution	3% borrower's own funds				
Reserves	2 months' PITI (Purchases where existing home is not sold, see Underwriting Guide Section 4.05c)				
Seller/Builder Contribution	Maximum LTV/CLTV	95%	Maximum Contribution	3%	
	Maximum LTV/CLTV	90%	Maximum Contribution	6%	
DTI Ratio	45% Total DTI with credit score \geq 740 (fixed-rate/payment \geq 5 years only)				
	41% Total DTI				
Program Guidelines	<p>See complete guidelines at www.mgic.com/uwguide for additional criteria that may apply.</p> <ul style="list-style-type: none"> See www.mgic.com/restrictedmarkets for more information and for a Market Search look-up tool to determine whether MGIC Restricted Market guidelines apply. <p>¹Rate/Term Refinance – See Section 3.07c for payoff of second lien requirements.</p> <p>²See Loan Amount > \$625,500 Parameters.</p> <ul style="list-style-type: none"> Loan must meet all other standard MGIC guidelines. 				

Primary Residence – Construction-Permanent Parameters

LTV/Loan Amount	Market Conditions	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
	Nonrestricted	1	95%	\$417,000	700
		1	90%	\$625,500 ¹	700
	Restricted	1	95%	\$417,000	720
1		90%	\$625,500 ¹	720	
Documentation Type	Full Documentation				
Loan Purpose	Construction-Permanent				
Occupancy	Primary Residence				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM				
	Balloon with an initial term of 5 years or more				
	Temporary Buydown				
	Ineligible: Interest-Only; GPM; Scheduled Neg-Am; Potential Neg-Am, including Pay-Option ARMs				
Credit	For Min. Credit Score use Loan Indicator Score				
	Traditional Credit uses the lowest Indicator Score for all borrowers. Note: A borrower's Indicator Score is the lower of 2 or middle of 3 valid credit scores. A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
	Ineligible: Nontraditional Credit				
	Loans with both traditional and nontraditional credit borrowers must be manually underwritten by MGIC. See Underwriting Guide Section 4.06c for requirements.				
Property Type	Detached/Attached				
	Condominiums (Maximum 90% LTV/CLTV in Restricted Markets)				
	Ineligible: Nonwarrantable condominiums; manufactured homes; cooperatives; attached housing and condominiums in Florida.				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV) requirements.				
Minimum Borrower Contribution	3% borrower's own funds or Lot Equity (Gifts/grants can apply toward the 3%, subject to MGIC's requirements. See Underwriting Guide Section 4.08.)				
Reserves	2 months' PITI (Purchases where existing home is not sold, see Underwriting Guide Section 4.05c)				
Seller/Builder Contribution	Maximum LTV/CLTV	95%	Maximum Contribution	3%	
	Maximum LTV/CLTV	90%	Maximum Contribution	6%	
DTI Ratio	41% Total DTI				
Program Guidelines	<p>See complete guidelines at www.mgic.com/uwguide for additional criteria that may apply.</p> <ul style="list-style-type: none"> • See www.mgic.com/restrictedmarkets for more information and a Market Search look-up tool to determine whether MGIC Restricted Market guidelines apply. • Purchase price and/or total acquisition cost must be documented. • LTV is based on the lowest of the purchase price, acquisition cost or the appraised value. • A recertification of value and a reverification of borrower's income/employment is required if the insurance is activated more than 120 days from the original commitment. • MGIC's Commitment/Certificate will be issued for a period of 12 months. Properties located in Restricted Markets will be issued an MGIC Commitment/Certificate for a period of 120 days. <p>¹See Loan Amount > \$625,500 Parameters.</p> <ul style="list-style-type: none"> • Loan must meet all other standard MGIC guidelines. 				

Second Home Parameters

LTV/Loan Amount	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Market – Min. Credit Score
		Purchase	1	90%	\$417,000
Documentation Type	Full Documentation				
Loan Purpose	Purchase				
	Ineligible: Rate/Term Refinance; Cash-Out Refinance; Construction-Permanent Loans				
Occupancy	Second Home				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM (In Restricted Markets, no adjustments for 5 years)				
	Balloon with an initial term of 5 years or more				
	Temporary Buydown (Nonrestricted Markets only)				
	Ineligible: Interest-Only; GPM; Scheduled Neg-Am; Potential Neg-Am, including Pay-Option ARMs				
Credit	For Min. Credit Score use Loan Indicator Score				
	Traditional Credit uses the lowest Indicator Score for all borrowers. Note: A borrower's Indicator Score is the lower of 2 or middle of 3 valid credit scores. A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
	Ineligible: Nontraditional Credit				
	Loans with both traditional and nontraditional credit borrowers must be manually underwritten by MGIC. See Underwriting Guide Section 4.06c for requirements.				
Property Type	Detached				
	Ineligible: Manufactured Homes; Condominiums; Cooperatives; Townhomes; Attached Housing				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV) requirements.				
Minimum Borrower Contribution	5% borrower's own funds				
Reserves	2 months' PITI – Nonrestricted Markets				
	6 months' PITI – Restricted Markets				
Seller/Builder Contribution	Maximum Contribution – 6% in Nonrestricted Markets				
	Maximum Contribution – 3% in Restricted Markets				
DTI Ratio	45% Total DTI in Nonrestricted Markets if credit score \geq 740 and fixed-rate/payment \geq 5 years				
	41% Total DTI				
Program Guidelines	<p>See complete guidelines at www.mgic.com/uwguide for additional criteria that may apply.</p> <ul style="list-style-type: none"> • See www.mgic.com/restrictedmarkets for more information and a Market Search look-up tool to determine whether MGIC Restricted Market guidelines apply. • In order to be eligible for MGIC MI, a Second Home must: <ul style="list-style-type: none"> – have the intended use and enjoyment for the exclusive benefit of the homeowner – be located in a resort or recreational area – be outside the geographic location of the primary residence – be suitable for year-round occupancy – have full kitchen facilities with standard-sized appliances – have separate rooms for living and sleeping – have no lock-out bedrooms – not be part of a rental pool agreement • The borrower must own no residential properties other than the primary residence. • Rental income is not considered for qualification purposes. • Maximum coverage: 90% LTV – 25% 85% LTV – 12% • Loan must meet all other standard MGIC guidelines. 				

Loan Amount > \$625,500 Parameters

Primary Residence					
LTV/Loan Amount	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
		Purchase	1	90%	\$750,000
Documentation Type	Full Documentation				
Loan Purpose	Purchase				
	Construction-Permanent Loans ¹				
	Ineligible: Rate/Term or Cash-Out Refinance				
Occupancy	Primary Residence				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM with no rate adjustments for 5 years				
	Balloon with an initial term of 5 years or more				
	Ineligible: Interest-Only; GPM; Scheduled Neg-Am; Potential Neg-Am, including Pay-Option ARMs; Temporary Buydown				
Credit	For Min. Credit Score use Loan Indicator Score				
	Traditional Credit uses the lowest Indicator Score for all borrowers. Note: A borrower's Indicator Score is the lower of 2 or middle of 3 valid credit scores. A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
	Ineligible: Nontraditional Credit				
	Loans with both traditional and nontraditional credit borrowers must be manually underwritten by MGIC. See Underwriting Guide Section 4.06c for requirements.				
Property Type	Detached				
	Ineligible: Condominiums; cooperatives; manufactured homes; townhomes; attached housing				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV) requirements.				
Minimum Borrower Contribution	10% borrower's own funds				
Reserves	6 months' PITI (Purchases where existing home is not sold, see Underwriting Guide Section 4.05c)				
Seller/Builder Contribution	Maximum Contribution – 6%				
DTI Ratio	41% Total DTI				
Program Guidelines	<p>See complete guidelines at www.mgic.com/uwguide for additional criteria that may apply.</p> <p>¹Construction-Permanent Loans:</p> <ul style="list-style-type: none"> • Purchase price and/or total acquisition cost must be documented. • LTV is based on the lowest of the purchase price, acquisition cost or the appraised value. • A recertification of value and a reverification of borrower's income/employment is required if the insurance is activated more than 120 days from the original commitment. • MGIC's Commitment/Certificate will be issued for a period of 12 months. Properties located in Restricted Markets will be issued an MGIC Commitment/Certificate for a period of 120 days. • Maximum coverage: 90% LTV – 25% 85% LTV – 12% • Loan must meet all other standard MGIC guidelines. 				

HARP Refi-to-Mod (RTM) Program Requirements

(HARP RTM Requests may come from either the current insured or a lender who is not the current insured)

Eligible Loans	<ul style="list-style-type: none"> • Loan being refinanced is currently insured by MGIC • Loan being refinanced: <ul style="list-style-type: none"> - is owned or guaranteed by Fannie Mae and meets all requirements for Refi Plus™ or DU Refi Plus™ OR - is owned or guaranteed by Freddie Mac and meets all requirements for Relief Refinance MortgagesSM Same Servicer or Open Access. • Requirement changes made by either Fannie Mae or Freddie Mac will be considered notices provided by MGIC for purposes of MGIC's HARP RTM program, unless MGIC provides notice that it is limiting the announced changes.
Coverage Percentage	No change to existing coverage from the Original Loan
Premium Rate	No change to existing premium rate from the Original Loan
Property Type	Cannot change from the Original Loan
Submissions	<ul style="list-style-type: none"> • Send data via the Loan Center OR • Send PDF's of the documents listed below through the Loan Center OR • Fax the documents listed below to your MGIC Underwriting Service Center.
Documentation Requirements	<ul style="list-style-type: none"> • HARP RTM Request Form or other MGIC approved form indicating Program Code: RTOM AND • New 1003/65 AND • New 1008/1077
Insured Represents and Warrants	The loan is eligible for a HARP refinance and all requirements of the applicable Fannie Mae's Home Affordable Refinance options or Freddie Mac's Relief Refinance Mortgages SM are met and that the refinanced loan has been delivered to Fannie Mae or Freddie Mac.

Mortgage Guaranty Insurance Corporation

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