

MGIC announces changes with respect to applying gifts and grants toward the **Borrower Minimum Contribution** requirement.

MGIC Underwriting Changes
Effective with MI applications received on or after Monday, Feb. 21, 2011

Gifts, Grants & Minimum Borrower Contribution	<p>Gifts and grants can be considered borrower’s own funds for purposes of meeting MGIC’s 3% Minimum Borrower Contribution when the following requirements are met:</p> <ul style="list-style-type: none"> ▪ Property is located in a Nonrestricted Market ▪ $DTI \leq 41\%$ ▪ Credit score ≥ 740 ▪ Loan instrument is fixed-rate/fixed-payment for at least the first 5 years ▪ Property is 1-unit ▪ Property will be a primary residence ▪ Loan has no subordinate financing or soft seconds <p>If all of the above requirements are not met, gift or grant funds are considered only after the Minimum Borrower Contribution is met.</p> <p>Gift/grant general requirements:</p> <ul style="list-style-type: none"> ▪ For gifts, a gift letter from the donor with the donor’s signature, stating that no repayment is required ▪ For grants, an award letter identifying the provider, the borrower(s), and the terms and conditions ▪ Evidence of receipt of the funds ▪ Gift or grant cannot require repayment or involve a lien against the property <p>Gift/grant providers must be:</p> <ul style="list-style-type: none"> ▪ A relative defined as related by blood, marriage, adoption or legal guardianship, domestic partner or fiancé/fiancée or ▪ A public or non-profit organization, church, or municipality or ▪ An employer with an established employee assistance program <p>The gift/grant provider may not be an interested party to the transaction.</p> <p>Note: Secured grants or those requiring repayment are considered secondary financing.</p>
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