

Underwriting Guidelines Summary

*For Nonretail Originations
Effective March 2010*

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, LP Caution/Eligible or LP Caution A-Minus/Eligible recommendation will receive Expanded Criteria/Class 3 premium rates.

Tier One Restricted Markets/Tier Two Restricted Markets

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

Loans secured by properties located in MGIC’s Tier One Restricted Markets or Tier Two Restricted Markets must meet the applicable parameters.

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Primary Residence – Nonrestricted Market Parameters

	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
LTV/Loan Amount	Purchase	1	97% ¹	\$417,000	700
	Purchase & Rate/Term Refinance ²	1	95%	\$417,000	680
		2	95%	\$533,850	680
		1	90%	FHFA ³	700
Documentation Type	Full Documentation				
Loan Purpose	See LTV/Loan Amount section above.				
	Construction-Permanent and “Subject to Completion” Loans (See p. 5 for details) – Maximum 95% LTV/CLTV				
	Ineligible: Cash-Out Refinance				
Occupancy	Primary Residence				
Amortization	Maximum 30 years				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM – ARMs with an initial term of less than 5 years and an annual effective rate cap greater than 1% – 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	Nontraditional Credit – Maximum 90% LTV/CLTV. All loans must be manually underwritten by MGIC.				
	For Credit Score requirements use the lowest Indicator Score for all borrowers. A borrower’s Indicator Score is the lower of 2 or middle of 3 FICO scores.				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years.				
Credit Score	See LTV/Loan Amount section above. Note: A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
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% of borrower’s own funds				
Reserves	2 months’ PITI				
Seller/Builder Contribution	Maximum LTV/CLTV		Maximum Contribution		
	97%		3%		
	90%		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. Loan must meet all other standard MGIC guidelines. <p>¹ First-time homebuyers only – A first-time homebuyer is a borrower who: (1) is purchasing the property; (2) will reside in the property; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the property.</p> <p>² Rate/Term Refinance – Payoff of subordinate liens is not allowed.</p> <p>³ Agency-conforming loan limits, as set by FHFA.</p>				

Primary Residence – Tier One Restricted Market Parameters

Primary Residence					
LTV/Loan Amount	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
	Purchase	1	95% ¹	\$417,000	700
	Purchase & Rate/Term Refinance ²	1	90%	\$417,000	700
1		85%	FHFA ³	700	
Documentation Type	Full Documentation				
Loan Purpose	See LTV/Loan Amount section above.				
	Construction-Permanent – Maximum 90% LTV/CLTV				
	Appraised "Subject to Completion" – Maximum 90% LTV/CLTV				
	Ineligible: Cash-Out Refinance				
Occupancy	Primary Residence				
Amortization	Maximum 30 years				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM – ARMs with an initial term of less than 5 years and an annual effective rate cap greater than 1% – Maximum 90% LTV/CLTV				
	Balloon with an initial term of 5 years or more				
	Temporary Buydown – Maximum 90% LTV/CLTV				
	Ineligible: Interest-Only; GPM; Scheduled Neg-Am; Potential Neg-Am, including Pay-Option ARMs				
Credit	Nontraditional Credit – Maximum 90% LTV/CLTV. All loans must be manually underwritten by MGIC.				
	For Credit Score requirements use the lowest Indicator Score for all borrowers. A borrower's Indicator Score is the lower of 2 or middle of 3 FICO scores.				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years.				
Credit Score	See LTV/Loan Amount section above. Note: A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
Property Type	Detached/Attached				
	Condominiums – Maximum 90% 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% of borrower's own funds				
Reserves	2 months' PITI				
Seller/Builder Contribution	Maximum LTV/CLTV		Maximum Contribution		
	95%		3%		
	90%		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. Loan must meet all other standard MGIC guidelines. <p>¹ First-time homebuyers only – A first-time homebuyer is an individual who: (1) is purchasing the property; (2) will reside in the property; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the property.</p> <p>² Rate/Term Refinance – Payoff of subordinate liens is not allowed.</p> <p>³ Agency-conforming loan limits, as set by FHFA.</p>				

Primary Residence – Tier Two Restricted Market Parameters

LTV/Loan Amount	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
	Purchase & Rate/Term Refinance ¹	1	90%	\$417,000	720
		1	85%	FHFA ²	760
Documentation Type	Full Documentation				
Loan Purpose	See LTV/Loan Amount section above. Appraised "Subject to Completion" Loans Ineligible: Cash-Out Refinance and Construction-Permanent, Rate/Term Refinance of loans not currently insured by MGIC				
Occupancy	Primary Residence				
Amortization	Maximum 30 years				
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	Nontraditional credit – All loans must be manually underwritten by MGIC. For Credit Score requirements use the lowest Indicator Score for all borrowers. A borrower's Indicator Score is the lower of 2 or middle of 3 FICO scores. No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years.				
Credit Score	See LTV/Loan Amount section above. Note: A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
Property Type	Detached/Attached Condominiums – Maximum 85% LTV Cooperatives – Maximum 85% LTV 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% of borrower's own funds				
Reserves	2 months' PITI				
Seller/Builder Contribution	6% Maximum Contribution				
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 for a Market Search look-up tool to determine whether MGIC Restricted Market guidelines apply. • Commitment/Certificates are issued for a period of 120 days. • Loan must meet all other standard MGIC Guidelines. <p>¹ Rate/Term Refinance – Only loans that are currently insured by MGIC are eligible for Rate/Term Refinance. Payoff of subordinate liens is not allowed.</p> <p>² Agency-conforming loan limits, as set by FHFA.</p>				

Primary Residence – Construction-Permanent and Appraised “Subject to Completion” Parameters

	Market Conditions	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
LTV/Loan Amount	Nonrestricted	1	95%	\$417,000	700
		1	90%	FHFA ¹	700
	Tier One Restricted	1	90%	\$417,000	700
		1	85%	FHFA ¹	700
	Tier Two Restricted	1	90%	\$417,000	720
		1	85%	FHFA ¹	760
Documentation Type	Full Documentation				
Loan Purpose	Construction-Permanent (not eligible in Tier Two Restricted Markets) Appraised “Subject to Completion”				
Occupancy	Primary Residence				
Amortization	Maximum 30 years				
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 Credit Score requirements use the lowest Indicator Score for all borrowers. A borrower’s Indicator Score is the lower of 2 or middle of 3 FICO scores.				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years.				
	Ineligible: Nontraditional credit				
Credit Score	See LTV/Loan Amount section above. Note: A valid credit score requires 3 tradelines that are evaluated for a minimum of 12 months.				
Property Type	Detached/Attached				
	Condominiums (Maximum 85% LTV in Tier Two markets)				
	Ineligible: Nonwarrantable condominiums; manufactured homes; cooperatives; construction-permanent properties in Tier Two Restricted Markets; attached housing and condominiums in Florida.				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV) requirements.				
Minimum Borrower Contribution	3% of borrower’s own funds or Lot Equity				
Reserves	2 months’ PITI				
Seller/Builder Contribution	Maximum LTV/CLTV		Maximum Contribution		
	95%		3%		
	90%		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. • Construction must be completed at the time the insurance is activated. • A recertification of value and a reverification of 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 Tier Two Restricted Markets that are appraised “subject to completion” will be issued an MGIC Commitment/Certificate for a period of 120 days. • Loan must meet all other standard MGIC guidelines. <p>¹ Agency-conforming loan limits, as set by FHFA.</p>				

MGIC Same Insured/Servicer Refi-to-Mod Program Requirements

Eligible Loans	Original loan is currently insured by MGIC.
	Refi-to-Mod requests must be submitted to MGIC by the current Insured/Servicer of the original loan.
Borrower Benefit	The borrower's sustainable ability to repay the loan must be improved through either a lower payment or a more stable loan instrument.
Investor	Cannot change (e.g., if Fannie Mae, must stay with Fannie Mae)
Borrower	Cannot change from original loan. Changes due to marriage, divorce or death will be evaluated on an individual loan basis.
Coverage Percentage	No change to the coverage from the original loan
Premium Rate	No change to the premium rate from the original loan
Loan Purpose	<p>Rate/Term Refinance can include:</p> <ul style="list-style-type: none"> • The payoff of the original loan (Payoff is defined as the UPB plus interest accrued through the pay-off date, not to exceed 45 days of interest.) • Reasonable and customary closing/financing costs and prepaids are allowed, but may not exceed 4% of the UPB of the original loan or \$5,000, whichever amount is less. <p>Existing secondary financing must be resubordinated.</p>
Cash Back	The borrower can receive up to \$250 cash back at closing. Cash back greater than \$250, as identified on the HUD-1, must be applied as a principal curtailment to the Refinance Loan.
Loan Type	Fixed-Rate
	Fully Amortizing ARM with a minimum of 5 years before the first rate change
	Ineligible: Interest-Only; GPM; Potential Neg-Am; Scheduled Neg-Am; Temporary Buydown
Mortgage Payment History	Must be current
Property Type	Cannot change from the original loan
Occupancy	Primary residence or same as original loan (cannot change <i>from</i> a primary residence, but can change <i>to</i> a primary residence)
Property Value	MGIC relies on the property valuation from the origination of the existing loan.
Documentation Requirements	<ul style="list-style-type: none"> • Same Insured/Servicer Refi-to-Mod Request (Form #71-42939) • New 1003/65 and 1008/1077
Submissions	<ul style="list-style-type: none"> • Submit the above documentation via fax, MI on the WEB or The Loan Center to your MGIC Underwriting Service Center. • To find your MGIC Underwriting Service Center fax number, refer to our Sales and Underwriting Directory at www.mgic.com/directory.
Program Guidelines	<p>MGIC is treating the new loan as a loan modification and continues to rely on the truth and accuracy of the information that was represented to MGIC in connection with insuring the existing loan. In addition, MGIC is relying upon the Insured/Servicer's representation that the new loan complies with the program requirements.</p> <p>Note: Loans that do not meet the MGIC Refi-to-Mod program requirements may be considered if they meet our Standard or Restricted Markets guidelines.</p>

MGIC New Insured/Servicer Refi-to-Mod Program Requirements*

Eligible Loans	Original loan is currently insured by MGIC.
	New Insured/Servicer Refi-to-Mod requests must come from a lender that is not the current Insured/Servicer of the original loan.
Modification Premium	A 50-basis-point modification premium, which can be financed, is required to activate the modification.
Investor	Cannot change (e.g., if Fannie Mae, must stay with Fannie Mae)
Borrower Benefit	The borrower's sustainable ability to repay the loan must be improved through either a lower payment or a more stable loan instrument.
Borrower	Cannot change from original loan. Changes due to marriage, divorce or death will be evaluated on an individual loan basis.
Coverage Percentage	No change to the coverage from the original loan
Premium Rate	No change to the premium rate from the original loan
Loan Purpose	Rate/Term Refinance can include: <ul style="list-style-type: none"> • The payoff of the original loan (Payoff is defined as the UPB plus interest accrued through the pay-off date, not to exceed 45 days of interest.) • Reasonable and customary closing/financing costs and prepaids are allowed, but may not exceed 4% of the UPB of the Original Loan or \$5,000, whichever amount is less. Note: The Modification premium is not included in this limit. Existing secondary financing must be resubordinated.
Cash Back	The borrower can receive up to \$250 cash back at closing. Cash back greater than \$250, as identified on the HUD-1, must be applied as a principal curtailment to the Refinance Loan.
Loan Type	Fixed-Rate
	Fully Amortizing ARM with a minimum of 5 years before the first rate change
	Ineligible: Interest-Only; GPM; Potential Neg-Am; Scheduled Neg-Am; Temporary Buydown
Mortgage Payment History	The original loan must be current at the time of the refinance.
DTI Ratio	Maximum 45% (DTI is calculated per Section 4.05 of our Underwriting Guide.)
Property Type	Cannot change from the original loan
Occupancy	Primary residence or same as original loan (cannot change <i>from</i> a primary residence but can change <i>to</i> a primary residence)
Property Value	The refinance loan LTV, based on the current property value, cannot exceed 105%. The lender is responsible for the accuracy and validity of the current property value. MGIC does not require a specific appraisal form.
Documentation Requirements	<ul style="list-style-type: none"> • New Insured/Servicer Refi-to-Mod Request (Form #71-42954) • New 1003/65 and 1008/1077 • The Insured is required to document income per MGIC's manual underwriting requirements (see Section 4.07 of our Underwriting Guide) without regard to AUS documentation requirements. • Other documentation must follow either our Underwriting Guide or GSE Automated Underwriting requirements.
Submissions	<ul style="list-style-type: none"> • Submit the above documentation via fax or The Loan Center to your MGIC Underwriting Service Center. • To find your MGIC Underwriting Service Center fax number, refer to our Sales and Underwriting Directory at www.mgic.com/directory.
Program Guidelines	Note: Loans that do not meet the MGIC Refi-to-Mod program requirements may be considered if they meet our Standard or Restricted Markets guidelines.

*This program is not approved in all states. Please check the Refi-to-Mod page at www.mgic.com for state availability.

Mortgage Guaranty Insurance Corporation

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