

Underwriting Guidelines Summary

▶ Effective February 2012

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. However, for loans that receive a [DU Approve/Eligible or LP Accept/Eligible response and are validated, MGIC will allow certain efficiencies](#). Highlights are within this document; see the MGIC Underwriting Guide for details.

MGIC-approved loans with a DU EA/Eligible, LP Caution/Eligible or LP Caution A-Minus/Eligible recommendation will receive Class 4 premium rates.

Restricted Markets

Loans secured by properties located in areas MGIC has designated as "Restricted Markets" must meet the applicable parameters.

See www.mgic.com/restrictedmarkets for more information and to determine whether MGIC Restricted Market guidelines apply.

References

Throughout this summary, you will be referred to supporting information in the MGIC Underwriting Guide (UWG). For example, (UWG 2.06) means you will find related information in section 2, subsection 6 of the Guide.

Support

If you have questions about information presented in this summary, contact:

- Your MGIC Account Manager, www.mgic.com/directory
- Your MGIC Underwriting Service Center, <http://www.mgic.com/contact/underwriting.html>

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Primary Residence – Nonrestricted Market

Loan must meet all other standard MGIC guidelines; see www.mgic.com/uwguide for additional criteria

	Loan Purpose	Units	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score
LTV/Loan Amount	Purchase, rate/term refinance ¹ , construction-permanent ²	1	97%	\$417,000	700
		1	95%	\$417,000	660
		2	95%	\$533,850	680
		1	95%	\$625,500 ³	700
Documentation	DU Approve/Eligible or LP Accept/Eligible response: Use income and asset verification requirements specified on the findings/feedback report All other loans: Full documentation				
Loan Purpose	See LTV/Loan Amount section above Ineligible: Cash-out refinance				
Loan Type	Fixed-rate ARMs: Maximum 95% LTV/CLTV for ARMs with an initial term < 5 years and for 5-year ARMs with an initial cap > 5% Balloon: Maximum 95% LTV/CLTV (Initial term of 5 years or more required) Temporary buydown: Maximum 95% LTV/CLTV Ineligible: Interest-only, GPM, scheduled neg-am, potential neg-am				
Credit	Qualifying with Traditional Credit or DU Approve/Eligible or LP Accept/Eligible response: Use the lowest of all Borrower Indicator Scores — the lower of 2 or middle of 3 credit scores to meet MGIC’s minimum credit score requirement Qualifying with both Traditional Credit and Nontraditional Credit and without a DU Approve/Eligible or LP Accept/Eligible response: See UWG 4.06c Qualifying with Nontraditional Credit: Requires an MGIC manual underwrite; maximum 90% LTV/CLTV; see UWG 4.06b and 4.06i				
Property Type	Detached, attached, condominiums Cooperatives: Maximum 90% LTV/CLTV Ineligible: Nonwarrantable condominiums, manufactured homes				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV)				
Borrower Contribution	Minimum 3% borrower’s own funds Gifts/grants can apply toward the 3%, subject to MGIC’s requirements, UWG 4.08				
Reserves	DU Approve/Eligible or LP Accept/Eligible response: Use reserves indicated on the findings/feedback report All other loans: 2 months’ PITI For purchases where an existing home is not sold, see UWG 4.05c				
Seller/Builder Contribution	Maximum contribution: 97% LTV/CLTV, 3%; 90% LTV/CLTV, 6%				
DTI Ratio	41% Total DTI, nonfixed-rate/payment < 5 years 45% Total DTI, fixed-rate/payment ≥ 5 years				
Program Guidelines	¹ Rate/term refinance payoff of second lien requirements, UWG 3.07c ² Construction-permanent loan documentation requirements, UWG 3.07b ³ See Primary Residence – Loan Amount > \$625,500, p. 6				

Primary Residence – Restricted Market (AZ, FL, NV)

Loan must meet all other standard MGIC guidelines; see www.mgic.com/uwguide for additional criteria

	Loan Purpose	Units	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score
LTV/Loan Amount	Purchase, rate/term refinance ¹ , construction-permanent ²	1	95%	\$417,000	720
		1	90%	\$625,500 ³	720
Documentation	DU Approve/Eligible or LP Accept/Eligible response: Use income and asset verification requirements specified on the findings/feedback report All other loans: Full documentation				
Loan Purpose	See LTV/Loan Amount section above Ineligible: Cash-out refinance				
Loan Type	Fixed-rate				
	Fully amortizing ARM				
	Balloon with an initial term of 5 years or more				
Credit	Temporary buydown				
	Ineligible: Interest-only, GPM, scheduled neg-am, potential neg-am				
	Qualifying with Traditional Credit or DU Approve/Eligible or LP Accept/Eligible response: Use the lowest of all Borrower Indicator Scores — the lower of 2 or middle of 3 credit scores to meet MGIC's minimum credit score requirement Qualifying with both Traditional Credit and Nontraditional Credit and without a DU Approve/Eligible or LP Accept/Eligible response: See UWG 4.06c Qualifying with Nontraditional Credit: Requires an MGIC manual underwrite; maximum 90% LTV/CLTV; see UWG 4.06b and 4.06i				
Property Type	Detached (all markets)				
	Attached, condominiums (ineligible in FL and Las Vegas-Paradise, NV, CBSA – 29820)				
	Cooperatives: Maximum 90% LTV/CLTV (ineligible in FL and Las Vegas-Paradise, NV, CBSA – 29820) Ineligible: Attached housing, condominiums and cooperatives in FL and Las Vegas-Paradise, NV (CBSA - 29820); nonwarrantable condominiums; manufactured homes				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV)				
Borrower Contribution	Minimum 3% borrower's own funds				
Reserves	DU Approve/Eligible or LP Accept/Eligible response: Use reserves indicated on the findings/feedback report All other loans: 2 months' PITI For purchases where an existing home is not sold, see UWG 4.05c				
Seller/Builder Contribution	Maximum contribution: 95% LTV/CLTV, 3%; 90% LTV/CLTV, 6%				
DTI Ratio	41% Total DTI				
Program Guidelines	¹ Rate/term refinance payoff of second lien requirements, UWG 3.07c ² Construction-permanent loan documentation requirements, UWG 3.07b ³ See Primary Residence – Loan Amount > \$625,500, p. 6 See www.mgic.com/restrictedmarkets to determine whether MGIC Restricted Market guidelines apply				

Second Home Loans

Loan must meet all other standard MGIC guidelines; see www.mgic.com/uwguide for additional criteria

	Loan Purpose	Units	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score		
LTV/Loan Amount	Purchase, rate/term refinance ¹ , construction-permanent ²	1	90%	\$417,000	Nonrestricted Markets, 700 Restricted Markets, 720		
Documentation	DU Approve/Eligible or LP Accept/Eligible response: Use income and asset verification requirements specified on the findings/feedback report All other loans: Full documentation						
Loan Purpose	See LTV/Loan Amount section above Ineligible: Cash-out refinance						
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						
Credit	Qualifying with Traditional Credit or DU Approve/Eligible or LP Accept/Eligible response: Use the lowest of all Borrower Indicator Scores — the lower of 2 or middle of 3 credit scores to meet MGIC's minimum credit score requirement Qualifying with both Traditional Credit and Nontraditional Credit and without a DU Approve/Eligible or LP Accept/Eligible response: See UWG 4.06c Ineligible: Nontraditional Credit						
Property Type	Detached (all markets) Attached, condominiums, cooperatives (ineligible in FL and Las Vegas-Paradise, NV, CBSA – 29820) Ineligible: Attached housing, cooperatives and condominiums in FL and Las Vegas-Paradise, NV (CBSA - 29820); nonwarrantable condominiums; manufactured homes						
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV)						
Borrower Contribution	Minimum 5% borrower's own funds						
Reserves	DU Approve/Eligible or LP Accept/Eligible response: Use reserves indicated on the findings/feedback report All other loans: Nonrestricted Markets, 2 months' PITI; Restricted Markets, 6 months' PITI						
Seller/Builder Contribution	Maximum contribution: Nonrestricted Markets, 6%; Restricted Markets, 3%						
DTI Ratio	41% Total DTI in Restricted Markets or nonfixed-rate/payment < 5 years 45% Total DTI in Nonrestricted Markets, fixed-rate/payment ≥ 5 years						
Program Guidelines	See www.mgic.com/restrictedmarkets to determine whether MGIC Restricted Market guidelines apply <ul style="list-style-type: none"> • Eligible properties must: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> - Have the intended use and enjoyment for the exclusive benefit of the homeowner - Have full kitchen facilities with standard-sized appliances - Be outside the geographic location of the primary residence </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> - Be suitable for year-round occupancy - Have separate rooms for living and sleeping - Have no lock-out bedrooms - Not be part of a rental pool agreement - Be located in a resort or recreational area </td> </tr> </table> • 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% <p>¹ Rate/term refinance payoff of second lien requirements, UWG 3.07c ² Construction-permanent loan documentation requirements, UWG 3.07b</p>					<ul style="list-style-type: none"> - Have the intended use and enjoyment for the exclusive benefit of the homeowner - Have full kitchen facilities with standard-sized appliances - Be outside the geographic location of the primary residence 	<ul style="list-style-type: none"> - Be suitable for year-round occupancy - Have separate rooms for living and sleeping - Have no lock-out bedrooms - Not be part of a rental pool agreement - Be located in a resort or recreational area
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Primary Residence – Loan Amount > \$625,500

Loan must meet all other standard MGIC guidelines; see www.mgic.com/uwguide for additional criteria

	Loan Purpose	Units	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score
LTV/Loan Amount	Purchase, construction-permanent ¹	1	90%	\$750,000	740
Documentation	Full documentation				
Loan Purpose	See LTV/Loan Amount section above				
	Ineligible: Rate/term refinance; cash-out refinance				
Loan Type	Fixed-rate				
	Fully amortizing ARM with no adjustments for 5 years				
	Balloon with an initial term of 5 years or more				
	Ineligible: Interest-only, GPM, scheduled neg-am, potential neg-am, temporary buydown				
Credit	Qualifying with Traditional Credit: Use the lowest of all Borrower Indicator Scores — the lower of 2 or middle of 3 credit scores to meet MGIC's minimum credit score requirement				
	Qualifying with both Traditional Credit and Nontraditional Credit: See UWG 4.06c				
	Ineligible: Nontraditional Credit				
Property Type	Detached				
	Ineligible: Attached housing, condominiums, cooperatives, manufactured homes				
Subordinate Financing	See LTV/Loan Amount section above for maximum CLTV (HCLTV)				
Borrower Contribution	Minimum 10% borrower's own funds				
Reserves	6 months' PITI For purchases where an existing home is not sold, see UWG 4.05c				
Seller/Builder Contribution	Maximum contribution: 6%				
DTI Ratio	41% Total DTI				
Program Guidelines	¹ Construction-permanent loan documentation requirements, UWG 3.07b • Maximum coverage: 90% LTV, 25%; 85% LTV, 12%				

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
Submission Options	<ul style="list-style-type: none"> • Send data via the Loan Center • Send PDFs of the documents listed below through the Loan Center • Fax the documents listed below to your MGIC Underwriting Service Center
Documentation	<ul style="list-style-type: none"> • HARP RTM Request form or other MGIC-approved form indicating Program Code: RTOM • New 1003/65 • New 1008/1077
Insured Represents and Warrants	<ul style="list-style-type: none"> • The loan is eligible for a HARP refinance • All requirements of the applicable Fannie Mae's Home Affordable Refinance options or Freddie Mac's Relief Refinance MortgagesSM are met • The refinanced loan has been delivered to Fannie Mae or Freddie Mac

Mortgage Guaranty Insurance Corporation

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