

## SmartPath™ Annualized Monthly Premiums

SmartPath is a program in which borrowers complete face-to-face prepurchase homebuyer education and counseling (HEC) in accordance with the National Industry Standards for HEC ([www.homeownershipstandards.com](http://www.homeownershipstandards.com)), meet specific program qualifying criteria (see back), and qualify for reduced premiums when compared with MGIC's standard premiums. Under SmartPath, the HEC services must be provided by an MGIC-approved FrontStep Agency. SmartPath is designed to reward educated borrowers with lower premiums because they are better prepared to make wise financial and credit decisions and maintain long-term homeownership.


Maximum 40-Year Amortization				
MONTHLY/ZOMP!		Fixed	ARMs	
LTV	Coverage %		Nonfixed 1% Cap	Nonfixed > 1% Cap
<b>95.01% &amp; Greater</b>	35	.86%	1.07%	1.11%
	30	.74	.95	.99
	20	.49	.70	.74
	18	.45	.66	.70
<b>95% -90.01</b>	35	.80	.95	.99
	30	.68	.78	.82
	18	.46	.51	.54
	16	.44	.49	.51
<b>90% -85.01</b>	35	.57	.72	.76
	25	.42	.51	.55
	18	.30	.35	.39
	17	.29	.34	.38
	12	.24	.25	.29
<b>85% &amp; Under</b>	35	.50	.61	.67
	18	.28	.30	.34
	12	.22	.23	.27
	6	.17	.19	.22

Maximum 25-Year Amortization				
MONTHLY/ZOMP!		Fixed	ARMs	
LTV	Coverage %		Nonfixed 1% Cap	Nonfixed > 1% Cap
<b>95.01% &amp; Greater</b>	35	.75%	.96%	1.00%
	30	.63	.84	.88
	20	.38	.59	.63
	18	.34	.55	.59
<b>95% -90.01</b>	35	.69	.84	.88
	30	.57	.67	.71
	18	.33	.37	.41
	16	.27	.29	.33
<b>90% -85.01</b>	35	.46	.61	.65
	25	.31	.40	.44
	18	.19	.24	.28
	17	.18	.23	.27
	12	.15	.15	.18
<b>85% &amp; Under</b>	35	.39	.50	.56
	18	.17	.19	.23
	12	.15	.15	.16
	6	.15	.15	.15

  Coverage requirements for Fannie Mae's MyCommunityMortgage® and Freddie Mac's Home Possible® programs. Minimum 20% coverage is required when the LTV exceeds 97%.

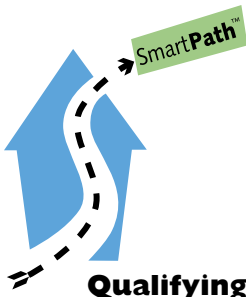
**Premium Adjustments:**

Level Annual Premium	- .04%
Manufactured Homes	+ .20%
Refundable	+ .01%



**Tip:**  
 ▶ For a list of FrontStep Agencies, visit  
[www.mgic.com/emergingmktks/hecnetwork.html](http://www.mgic.com/emergingmktks/hecnetwork.html)

**See reverse side for qualifying criteria and applicable notes.**



## **Qualifying Criteria:**

In order to qualify for Smart**Path**, the following conditions must be met:

1. Lender must be preapproved by MGIC for Smart**Path**.
2. Loan is identified as a Smart**Path** loan at the time of MI application (submit using MGIC Program ID #1596).
3. The primary wage-earning borrower on a Loan has completed face-to-face prepurchase homebuyer education and counseling in accordance with National Industry Standards (approximately 8 hours) provided by an MGIC-approved FrontStep Agency.
4. The FrontStep Agency is identified to MGIC at time of MI application.
5. A valid counseling completion certificate must be provided to MGIC prior to a Commitment/Certificate being issued.
6. The loan receives a Desktop Underwriter<sup>®</sup> Approve-Eligible, a Loan Prospector<sup>®</sup> Accept-Eligible, or is manually underwritten to MGIC standard "A" underwriting guidelines **and** meets the following qualifying criteria:
  - Owner-occupied primary residences only
  - Purchase transactions only
  - 1- to 2-unit only
  - Full documentation
  - FICO requirements:
    - Minimum 680 FICO for 95.01% - 97% LTV
    - Minimum 620 FICO for 80.01% - 95% LTV

*From time to time, MGIC may designate certain markets as **Restricted**. LTV/CLTV are limited in these markets. See [www.mgic.com](http://www.mgic.com) for currently restricted markets.*

## **Loan Type Definitions:**

**Fixed** – Fixed with level payments for the first 5 years feature level or declining payments for the first five years of the mortgage and cannot offer any buydowns, rate concessions or the potential for negative amortization during the first five years.

**Nonfixed 1% Cap** – Includes adjustable loans with annual caps of 1% or less and GPMs. They feature an annual effective interest rate cap of 1% or less during the first five years of the mortgage. Examples of eligible loans include fixed-rate loans with 1% annual temporary buydowns; one-year or six-month ARMs with 1% or less annual effective rate caps; and 3/3 and 3/1 ARMs with initial interest rate adjustments of 3% or less. Loans featuring the potential for negative amortization must use rates for ARMs With Annual Caps Greater Than 1%.

**Note:** GPM loans cannot have annual payment increases of more than 7-1/2%.

**Nonfixed > 1% Cap** – Includes adjustable loans with annual caps of greater than 1%. They feature payment changes, or the potential for payment changes, during the first five years of the mortgage. Loans that feature negative amortization or the potential for negative amortization are not eligible for Smart**Path** rates.

## **Rate Selection:**

LTV

LTV category is selected based on the first lien only.

## **Notes:**

**Monthly Premium** – Allows premiums to be paid on a monthly basis. To calculate the monthly premium, divide the annualized premium by 12 months. There is no refund of any premium when the coverage is cancelled, except for cancellation or termination under the Federal Homeowners Protection Act of 1998. These refunds will be on a pro rata basis.

**ZOMP! (Zero-Option Monthly Premium)** – No premium is due at closing. MGIC will bill in arrears for premiums. Refunds are made on a pro rata basis.

**Level Annuals** – Level Annuals have initial and renewal premiums that are the same. All refunds will be made on a pro rata basis.

**Constant Renewals** – The renewal rate for years 2 through 10 is the same as the first-year rate and is applied to the original insured loan balance. For years 11 through term, the renewal rate is reduced to .20% or remains the same if less than .20%, and is also applied to the original insured loan balance. Discounts and add-ons do not apply beginning year 11. For Standard Annuals, for years 11 through term, the renewal rate is reduced to .25% or remains the same if less than .25%, and is also applied to the original insured loan balance.

**Declining Renewals** – The renewal rate for years 2 through term is the same as the first-year rate and is applied to the outstanding insured loan balance at each renewal. (For Monthly Premiums, the loan balance will be adjusted at each annual anniversary of the certificate.)

**Manufactured/Mobile Homes** – Manufactured/mobile homes are residential structures built on a steel undercarriage with a wheel assembly for transportation in one or more sections to a permanent site and deemed real estate.