

Note: These changes supersede existing lender rate plans, underwriting exceptions and program approvals.

All Markets – Underwriting Changes effective August 4, 2008:

- The following will no longer be eligible for MGIC mortgage insurance:
 - A-Minus (See Agency AU Systems below.)
 - Reduced Documentation/Alt-A – SISA/SIVA loans
 - Potential or Scheduled Negative Amortization loans
 - Pay Option ARMs
 - Second Home Cash-Out Refinance
 - Investment Properties
 - 3-4 Unit Properties
 - Nonwarrantable Condominiums- (per Fannie Mae®/Freddie Mac® definitions)
 - Condotels

- Agency AU Systems – Fannie Mae Desktop Underwriter® (DU) 7.0; Freddie Mac Loan Prospector® (LP)
 - DU EA-2 and EA-3/Eligible loans that meet our credit union guidelines will be insurable using our new Expanded Criteria rates. (New Expanded Criteria rates will be posted on www.cu.mgic.com by July 16, 2008.)
 - DU EA-1/Eligible and LP A Minus Eligible or Caution Eligible loans that meet our credit union guidelines will be insurable with our new Expanded Criteria rates.
- Previous Agency AUS Versions
 - EA-2 and EA-3/Eligible loans with versions prior to 7.0 are ineligible for MGIC mortgage insurance.
- Maximum DTI
 - Up to 55% for loans receiving Eligible recommendations. (Max. 45% for loans without an AU decision.)

- Minimum Borrower Contribution
 - Purchase transactions for primary residences require a minimum of 3% verified borrower funds regardless of FICO score.

- Rate & Term Refinance Policy

Revision: Refinance loans, where the proceeds are being used to payoff a junior lien are eligible as a Rate & Term only if:

 - All proceeds from the junior lien were used for documented home improvements; **OR**
 - The junior lien was originated as a purchase-money second mortgage with the first and second liens recorded simultaneously.

Note: Refinance loans not meeting our Rate & Term definition are subject to our Cash-Out Refinance guidelines.

Addition: At least one borrower obligated on the new loan must be obligated on the loan being refinanced.

- Maximum Number MGIC-Insured Loans
 - Reduced to 2 per borrower
 - Maximum exposure remains at \$300,000 (Exposure = Coverage X Loan Amount)

- ARMs > 95%LTV
 - Adjustable Rate Mortgages (ARMs) with an initial term less than 5 years and a rate cap in excess of 1% per year will be capped at 95% LTV.

All Markets - Rate Changes - Filed for an effective date of August 4, 2008:

- **LTVs Greater Than 95%** - Increases to Borrower-Paid Mortgage Insurance (BPMI) monthly and level annual plans will be posted on www.cu.mgic.com by July 16, 2008.
- **Premium Adjustments** - New premium adjustments will be posted on www.cu.mgic.com by July 16, 2008.
- **Lender-Paid MI Rates** - Adjustments to a few of the monthly rates will be posted on www.cu.mgic.com by July 16, 2008.

Non-Restricted Markets – Underwriting Changes effective August 4, 2008:

Primary Residences				
Loan Purpose	# of Units	LTV/CLTV	Min. FICO	Maximum Loan Amount
Purchases and Rate & Term Refinances	1	97%	680	\$417,000*
	1	95%	620	\$417,000*
	2	95%	680	\$533,850*
	1	90%	700	> \$417,000 to \$650,000 (or up to the applicable Conforming Jumbo Limit, if being sold to Fannie Mae/Freddie Mac)

*In Hawaii, the maximum loan amount is \$625,500

Second Homes				
Loan Purpose	# of Units	LTV/CLTV	Min. FICO	Maximum Loan Amount
Purchases and Rate & Term Refinances	1	95%	620	\$417,000*
	1	90%	700	> \$417,000 to \$650,000

*In Hawaii, the maximum loan amount is \$625,500

- **Cash-Out Refinances are subject to the following key parameters:**
 - **Maximum LTV/CLTV/HCLTV** 90%
 - **Minimum FICO** 680
 - **Maximum Loan Amount** \$417,000
 - **Maximum Cash-Out** \$100,000
 - **Primary Residence** 1 Unit

Restricted Markets – Underwriting Changes effective August 4, 2008:

- Maximum LTV/CLTV for AZ, CA, FL, NV
- Reduced to 90%
 - All other Restricted Market guidelines remain unchanged

No Longer Restricted Markets			Additional Restricted Markets		
These markets will be removed from MGIC's Restricted Markets list:			These markets have been identified by MGIC as Restricted Markets and will be added to MGIC's Restricted Markets list:		
State	CBSA #	Name of Market	State	CBSA #	Name of Market
Colorado	39380	Pueblo	Connecticut	14860	Bridgeport – Stamford – Norwalk
Michigan	13020	Bay City	Delaware	20100	Dover
	28020	Kalamazoo – Portage	Idaho	14260	Boise City – Nampa
	35660	Niles – Benton Harbor	Indiana	21140	Elkhart – Goshen
New Jersey	15804	Camden			
	45940	Trenton – Ewing			
	47220	Vineland – Millville – Bridgeton			
Ohio	17140	Cincinnati – Middletown			
Tennessee	34980	Nashville – Davidson – Murfreesboro – Franklin			
Utah	30860	Logan			
	41620	Salt Lake City			
Virginia	40060	Richmond			
	47260	Virginia Beach – Norfolk – Newport News			
Washington	45104	Tacoma			

Primary Residences				
Loan Purpose	# of Units	LTV/CLTV	Min. FICO	Maximum Loan Amount
Purchases and Rate & Term Refinances	1	95%*	680	\$417,000
	2	90%	680	\$533,850
	1	90%	700	> \$417,000 to \$650,000 (or up to the applicable Conforming Jumbo Limit, if being sold to Fannie Mae/Freddie Mac http://www.cu.mgic.com/guides/restrictedmarkets.html)
Notes	<ul style="list-style-type: none"> • The maximum LTV/CLTV for condominiums & attached housing is 90%. • Loans secured by condominiums & attached housing in Florida are not eligible. <p style="text-align: center;">*The maximum LTV/CLTV for AZ, CA, FL, NV is 90%.</p>			

Second Homes				
Loan Purpose	# of Units	LTV/CLTV	Min. FICO	Maximum Loan Amount
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	1	85%	700	> \$417,000 to \$650,000
Notes	<ul style="list-style-type: none"> • The maximum LTV/CLTV for condominiums & attached housing is 90%. • Loans secured by condominiums & attached housing in Florida are not eligible. <p style="text-align: center;">*The maximum LTV/CLTV for AZ, CA, FL, NV is 90%.</p>			