

MGIC updates sweat equity requirements and clarifies the LTV calculation for community land trusts and properties with resale restrictions

In response to [Freddie Mac Guide Bulletin 2018-16](#), we continue to insure mortgages with sweat equity as a source of down payment and those involving community land trusts and properties with resale restrictions, subject to the following conditions:

Sweat equity as an eligible source of funds

For loans with an AUS response, we are updating our Underwriting Requirements:

- Maximum credit – 5% of the property value

For loans without an AUS response, we are updating our Underwriting Requirements:

- Eligible for primary residences only. See our Underwriting Guide (UWG) section 3.09.04w

LTV calculation for community land trusts and properties with resale restrictions

For purchase loans with an AUS response, we will retain our Underwriting Requirements:

- Use the lower of purchase price/acquisition or current appraised value. See UWG 1.04

Underwriting

These changes will be effective with MI applications submitted on or after Nov. 21, 2018. See our Underwriting Guide summary of changes.

Questions?

For more information:

- Contact your MGIC representative, mgic.com/contact
- Contact customer_service@mgic.com or 1-800-424-6442
- See our Underwriting Guide, mgic.com/guides