



# One-Close Construction Pro

## Product Description



**One-Close Construction Pro™ is part of the MGIC Portfolio Playbook™ family.** For more information about additional Playbook products, contact your MGIC representative or go to [mgic.com/playbook](http://mgic.com/playbook).

Underwriting and documentation requirements are specific to MGIC mortgage insurance.

Throughout this document, we will refer you to supporting information in our Underwriting Guide. For example, (UWG 3.06) means you will find related information in Section 3, subsection 6, of the Guide. See our Underwriting Guide at [mgic.com/uwguide](http://mgic.com/uwguide).

Loans must meet requirements stated below and in our Underwriting Guide Section 1 and Section 3. Where indicated in the Guide, you may follow standard Agency guidelines and Agency selling guide documentation requirements (UWG 1.03.03), along with any specified MGIC guidelines and requirements. Consult your internal staff regarding regulatory and compliance requirements.

Changes to guidelines found in the previous version of this document are highlighted in purple.

### Eligibility Matrix (Owner-Occupied, Primary Residence)

Loan Purpose	Property Type	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score	Max. Total DTI <sup>3</sup>	Min. Reserves (Number of Months' PITI)	Min. Borrower Contribution
Construction-Permanent	1-Unit Detached, PUDs	97%	FHFA high-cost max <sup>1</sup>	660	45% <sup>4</sup>	2	3%
		95%	\$1,209,750	680	45%	6	5%
	2-Unit	95%	FHFA high-cost max <sup>1</sup>	680	45% <sup>4</sup>	2	3%
		95%	\$1,209,750	680	45%	6	5%
	1-Unit Manufactured Homes	95%	FHFA baseline conforming limit <sup>2</sup>	660	45%	2	3%
	1-Unit Detached, PUDs	90%	\$1,650,000	720	43%	12	10%
85%		\$2,150,000	740	43%	12	10%	

<sup>1</sup>Maximum must not exceed the [FHFA published conforming loan limit](#) for the specific county of the subject property.

<sup>2</sup>Up to FHFA published baseline limit, including AK and HI, regardless of FHFA county loan limit for the subject property.

<sup>3</sup>When qualifying your borrower for MGIC mortgage insurance, note that we do not require you to include the mortgage insurance premium in the DTI calculation.

<sup>4</sup>DTI ratio: Nonfixed-rate/payment < 5 years – 41% Total DTI.

### Eligible Origination Channels

- Retail
- Correspondent
- Third-party originator (TPO)



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**Documentation**

Complete Origination File documents (UWG 1.06.02).

**Underwriting Options**

**Loan amount ≤ \$1,209,750:**

- Delegated Underwriting (UWG 1.07): Submit an application with loan data only (in lieu of physical documents) via the Loan Center, your loan origination system or other electronic data interface
- Non-Delegated Underwriting (UWG 1.08): Submit documents with your MGIC insurance application via the Loan Center or other document delivery service. Upon review, we may request additional documentation

**Loan amount > \$1,209,750:**

- Non-Delegated Underwriting (UWG 1.08): Submit documents with your MGIC insurance application via the Loan Center or other document delivery service. Upon review, we may request additional documentation

Certain underwriting features may restrict submission options. See our Underwriting Guide for details, [mgic.com/uwguide](http://mgic.com/uwguide).

**Mortgage Insurance Premium Plans**

- Borrower-Paid: Monthly, Single

**Mortgage Insurance Coverage – Get a rate quote with MiQ, [mgic.com/MiQ](http://mgic.com/MiQ)**

LTV	10- to 40-Year Term
95.01%-97%	35%, 30%, 25%, 18%
90.01%-95%	35%, 30%, 25%, 18%, 16%
85.01%-90%	30%, 25%, 17%, 12%
80.01%-85%	25%, 17%, 12%, 6%

- Eligible loan types non-conforming loan limits, maximum mortgage insurance coverage is limited to:
  - 95% LTV: 30%
  - 90% LTV: 25%
  - 85% LTV: 12%

**Non-Occupant Co-Borrower (UWG 3.04.03)**

- The occupant borrower must meet all MGIC Underwriting Guidelines without including the non-occupant co-borrower’s income and assets for qualifying purposes; after occupying borrower’s assets meet the own funds requirement in 3.10.01, non-occupant co-borrower’s assets may be considered
- The non-occupant co-borrower’s credit will be considered for eligibility and premium pricing
- The non-occupant co-borrower may not be an interested party (e.g., seller, builder, real estate agent)

**Loan Purpose (UWG 3.06)**

- See eligible loan purposes in the eligibility matrix on page 1





### Construction-Permanent Financing (UWG 3.06.04)

- Purchase loan (UWG 3.06.01) when the borrower is not the owner of the lot as of the loan closing date
- Rate/term refinance (UWG 3.06.02) when the borrower has legal ownership of the lot as of the loan closing date
- Underwriting and mortgage insurance premium rates are based on the terms of the permanent financing
- The loan must close or be modified to permanent financing on or before the Commitment expiration date and meet documentation age requirements (UWG 3.03)
- Construction-permanent Commitment/Certificates are effective for 12 months
- If you need to extend the Commitment effective period, see UWG 1.10.04
- Up to 18-month construction phase
  - Borrowers may pay interest only, followed by a permanent, fully amortizing term up to 40 years
  - Follow standard Underwriting Requirements; see Underwriting Summaries (UWG 3.02)
  - See activation options, UWG 1.11
- Financed borrower-paid mortgage insurance:
  - Up to 18 months of monthly premiums, not to exceed the number of months of the construction phase
    - Activate coverage at construction closing
    - Permanent financing must be a fixed-rate/fixed-payment loan or a fully amortizing ARM with an initial **fixed period** of 5 years or more
    - Contact your MGIC representative if you would like to finance monthly premiums
  - A single premium
  - The upfront portion of a split premium
  - For the LTV calculation, use the base loan amount – the first mortgage balance, excluding financed mortgage insurance premium
- If terms of the permanent loan are modified:
  - We may require you to submit updated documentation
  - Follow our modification requirements; see the MGIC Servicing Guide Section 9.01 Modification Guidelines for Current Loans, [mgic.com/servicing-guide](http://mgic.com/servicing-guide)
- We'll consider borrower-completed improvements provided:
  - The borrower has the skill to perform the work (for example, a borrower who is a licensed electrician may complete electrical work)
  - The borrower may be reimbursed for the cost of the materials
  - They do not exceed 10% of the "as completed" value of the property
  - They are clearly identified in the construction contract

### Loan Type and Terms (UWG 3.08)

- Maximum term: 40 years
- Fixed-rate
- Fully amortizing ARM
  - Initial **fixed period** < 5 years: Maximum 95% LTV/CLTV
  - Non-conforming loan limits: Initial **fixed period** of 5 years or more
- Balloon: Maximum 95% LTV/CLTV with an initial term of 5 years or more
- **Ineligible: Interest-only, GPM, scheduled neg-am, potential neg-am**



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**Adjustable-Rate Mortgages (ARMs) (UWG 3.08.02)**

Initial Fixed Period	Adjustment Frequency	Rate Adjustment Caps			Qualifying Rate
		Max. 1st Adjustment	Max. Subsequent Adjustments	Lifetime Cap	
≥ 6 months to < 1 year	≥ 6 months to < 1 year	1%	1%	6%	Greater of Note Rate + 2% or FIAR
	≥ 1 year	1%	2%	6%	
≥ 1 year to < 3 years	≥ 6 months to < 1 year	2%	1%	6%	
	≥ 1 year	2%	2%	6%	
≥ 3 years to < 5 years	≥ 6 months to < 1 year	3%	1%	6%	
	≥ 1 year	3%	2%	6%	
5 years	≥ 6 months	6%	6%	6%	
> 5 years	≥ 6 months	6%	6%	6%	

**Note:** Must be based on a publicly available index that is not controlled by the lender or servicer.

**Interest Rate Buydown (Temporary) (3.08.05)**

Eligible Loan Types	Max. Annual Rate Increase	Property Unit Count	Max. LTV/CLTV	Buydown Schedule
Fixed-rate, ARMs with ≥ 5 year initial fixed period, Balloons	1%	1	95%	2%-1%
			90%	3%-2%-1%
		2	95%	2%-1%

- Qualification:
  - ARM with an initial **fixed period** of 5 years – Use greater of note rate + 2% or FIAR
  - Fixed-rate or ARM with an initial **fixed period** > 5 years – Use note rate
- **Ineligible: Non-conforming loan limits, manufactured homes**

**Borrower's Own Funds (UWG 3.10.01)**

- Minimum borrower's own funds toward the down payment, closing costs, prepaids and reserves (see eligibility matrix on page 1)
- Gifts (UWG 3.10.04b)
  - Can apply toward the 3%; 1-unit; maximum loan amount, \$1,209,750; maximum DTI, 41%; credit score ≥ 720; fixed-rate mortgage or ARM with initial fixed period of at least 5 years; **Ineligible: Subordinate financing**
  - If the donor has resided with the borrower for the most recent 12 months and intends to continue to do so, see UWG 3.10.04b

**Interested Party Contributions (IPCs) (3.10.04c)**

- Maximum contribution:
- > 90% LTV/CLTV – 3%
  - ≤ 90% LTV/CLTV – 6%





### Credit (UWG 3.11)

- Use the lowest of all Borrower Indicator Scores – the lower of 2 or middle of 3 valid credit scores for each borrower; see UWG 3.11.02
- When no borrower has a valid credit score, follow Underwriting Guidelines for nontraditional credit (UWG 3.11.04)
  - Requires non-delegated underwriting (UWG 1.08)
  - Maximum loan amount: \$1,209,750
  - Maximum LTV: 90%

### Exclusion of Certain Student Loan Payments (UWG 3.12.03a)

- You may exclude student loan payments from the total monthly debt obligation if the following conditions are met:
  - Payments will be deferred for at least 12 months after the application date, or
  - The borrower's medical residency will continue at least 6 months after the closing date
  - The borrower responsible for the debt is in one of the following professions: Medical Resident, Medical Doctor, Doctor of Dental Medicine, Doctor of Dental Surgery, Doctor of Optometry
- You must include student loan payments in the total monthly debt obligation when qualifying the borrower with future income

### Property Types and Considerations (UWG 3.13)

- Manufactured home (UWG 3.13.08)
  - Double-wide or greater
  - Fixed-rate/payment or fully amortizing ARMs with initial **fixed period** of 5 years or more
  - Loan term maximum 30 years
  - **Ineligible: Leased land, condo, co-op, home improvement**
- Rural properties (UWG 3.13.09)
  - We'll consider rural properties under the same conditions as those located in suburban or urban locations when:
    - The appraiser deems the property's best use as residential
    - No income derived from the property is used for qualifying
- Properties with more than 20 acres (UWG 3.13.01)
  - Maximum loan amount: \$1,209,750
  - Land value may not exceed 50% of the total value
  - Require non-delegated underwriting (UWG 1.08)
- For properties accessed by a private road, see UWG 3.13.11c
- **Ineligible: 3- to 4-unit properties, properties located in Guam and Puerto Rico**

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#### Appraisals and Property Valuation (UWG 3.14)

- You must obtain an appraisal to establish the property's value
- Must have a condition rating C4 or better
- Must have a quality rating Q5 or better
- Loan amount  $\leq$  \$1,209,750 – A Uniform Residential Appraisal Report (URAR)
- Loan amount  $>$  \$1,209,750 – 2 independent URARs or 1 independent URAR plus an appraiser-provided field review supporting its value

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