



# Underwriting Guidelines Summary

*Effective Nov. 24, 2008*

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/guides/underwriting.html](http://www.mgic.com/guides/underwriting.html)).

## Agency Automated Underwriting Systems (AUS) Considerations

MGIC will consider Debt-to-Income (DTI) ratios greater than the maximums shown in our Guide or this Summary – not to exceed 55% – if the loan:

- received a DU Approve, EA-1, EA-2 or EA-3; or an LP Accept, LP Caution A-Minus or LP Caution; and
- is eligible for purchase; and
- is manually underwritten by MGIC.

Loans for second homes that receive an EA recommendation, an LP Caution A-Minus or LP Caution are ineligible.

Regardless of credit score, MGIC-approved loans with an AU decision of EA-1, EA-2, EA-3, LP Caution A-Minus or LP Caution will receive our Expanded Criteria premium rates.

## Credit Score Considerations

Regardless of the AU decision:

- In order for FICO scores to be considered, the credit report must show a minimum of 3 open and active tradelines within the past 12 months; otherwise, the loan may be considered under MGIC nontraditional credit guidelines.
- MGIC-approved loans with a representative credit score between 620-659 will receive Expanded Criteria premium rates.

## Restricted Markets

Using internal and external information, MGIC has identified at-risk markets around the country, designated them as “Restricted” and established separate guidelines for them. Our Restricted Markets list ([www.mgic.com/restrictedmarkets](http://www.mgic.com/restrictedmarkets)) is monitored continually and updated on a quarterly basis.

Restricted Markets also include those identified as declining markets by the appraiser, lender or investor.

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## Primary Residence Parameters

	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
<b>LTV/Loan Amount</b>	Purchase	1	97% <sup>1</sup>	\$417,000	700
	Purchase & Rate/Term Refinance	1	95%	\$417,000	620
		2	95%	\$533,850	680
		1	90%	\$650,000 <sup>2</sup>	700
	Cash-Out Refinance	1	90%	\$417,000	680
<b>Documentation Type</b>	Full Documentation				
	<b>Ineligible:</b> Reduced Documentation				
<b>Loan Purpose</b>	See LTV/Loan Amount section above. Appraised "Subject to Completion," see p. 7.				
	Cash-Out Refinance – Maximum cash back, \$100,000, Property must be "as is," 6 months seasoning required on liens or listing				
<b>Occupancy</b>	Primary Residence				
<b>Loan Type</b>	Fixed-Rate				
	Fully Amortizing ARM – ARMs with an initial term of less than 5 years and an annual effective rate cap greater than 1% – Maximum 95% LTV/CLTV*				
	Balloon with an initial term of 5 years or more – Maximum 95% LTV/CLTV*				
	Temporary Buydown – Maximum 95% LTV/CLTV* (Cash-Out Refinances - Ineligible)				
	Interest-Only – Maximum 95% LTV/CLTV; Minimum 680 FICO* (Cash-Out Refinances - Ineligible)				
	GPM – Maximum 90% LTV/CLTV*				
	<b>Ineligible:</b> Scheduled Neg-Am; Potential Neg-Am, including Pay Option ARMs*				
<b>Credit</b>	Nontraditional Credit* – Maximum 95% LTV/CLTV. All loans must be manually underwritten by MGIC. (Cash-Out Refinances - Ineligible)				
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years				
<b>Credit Score</b>	See LTV/Loan Amount section above.				
<b>Property Type</b>	Detached				
	Attached (including condominiums)				
	Cooperatives – Maximum 90% LTV/CLTV (Cash-Out Refinances - Ineligible)				
	Manufactured Homes* – Maximum 90% LTV/CLTV (Cash-Out Refinances - Ineligible)				
	<b>Ineligible:</b> Nonwarrantable condominiums				
<b>Subordinate Financing</b>	See LTV/Loan Amount section above for maximum CLTV requirements.				
<b>Minimum Borrower Contribution</b>	Purchase – 3% of borrower's own funds				
<b>Reserves</b>	< 720 FICO requires 2 months' PITI*				
<b>Seller/Builder Contribution</b>	<b>LTV/CLTV</b>		<b>Maximum Contribution</b>		
	97%		3%		
	90%		6%		
<b>DTI Ratio</b>	45% Total DTI (See p. 1 for AUS Considerations.)				
<b>Notes</b>	<ul style="list-style-type: none"> <li>• <b>Loans secured by properties located in Restricted Markets (defined on p. 1) must meet Restricted Market Parameters (see p. 8). See <a href="http://www.mgic.com/restrictedmarkets">www.mgic.com/restrictedmarkets</a> for more information and a Market Search look-up tool to determine whether MGIC Restricted Market Guidelines apply.</b></li> <li>• Loan must meet all other standard MGIC guidelines.</li> </ul> <p>*See complete guidelines at <a href="http://www.mgic.com">www.mgic.com</a> for additional criteria that may apply.</p> <p><sup>1</sup> First-time homebuyers only; fixed payments for first 5 years; property appraised "as is"</p> <p><sup>2</sup> Or up to the applicable GSE Conforming Jumbo Loan limit (see p. 6)</p>				

## Second Home Parameters

<b>LTV/Loan Amount</b>	<b>Loan Purpose</b>	<b>Units</b>	<b>Max. LTV/CLTV</b>	<b>Max. Loan Amount</b>	<b>Min. Credit Score</b>
	Purchase & Rate/Term Refinance	1	90%	\$417,000	680
<b>Documentation Type</b>	Full Documentation				
	<b>Ineligible:</b> Reduced Documentation				
<b>Loan Purpose</b>	See LTV/Loan Amount section above. Property must be “as is.”				
	<b>Ineligible:</b> Cash-Out Refinance, Construction Loan				
<b>Occupancy</b>	Second Home				
<b>Loan Type</b>	Fixed-Rate				
	Fully Amortizing ARM*				
	Balloon with an initial term of 5 years or more*				
	Temporary Buydown*				
	Interest-Only – Maximum 90% LTV/CLTV*				
	GPM*				
	<b>Ineligible:</b> Scheduled Neg-Am; Potential Neg-Am, including Pay Option ARMs*				
<b>Credit</b>	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years				
	<b>Ineligible:</b> Nontraditional credit				
<b>Credit Score</b>	See LTV/Loan Amount section above.				
<b>Property Type</b>	Detached				
	Attached (including condominiums)				
	Cooperatives – Maximum 90% LTV/CLTV				
	Manufactured Homes* – Maximum 90% LTV/CLTV				
	<b>Ineligible:</b> Nonwarrantable condominiums				
<b>Subordinate Financing</b>	See LTV/Loan Amount section above for maximum CLTV requirements.				
<b>Minimum Borrower Contribution</b>	Purchase – 5% from borrower’s own funds				
<b>Reserves</b>	< 720 FICO requires 2 months’ PITI				
<b>Seller/Builder Contribution</b>	<b>LTV/CLTV</b>		<b>Maximum Contribution</b>		
	90%		6%		
<b>DTI Ratio</b>	41% Total DTI (see p. 1 for AUS Considerations)				
<b>Notes</b>	<ul style="list-style-type: none"> <li>• In order to be eligible for MGIC MI, a Second Home must: <ul style="list-style-type: none"> <li>– have the intended use and enjoyment for the exclusive benefit of the homeowner</li> <li>– be suitable for year-round occupancy</li> <li>– have full kitchen facilities with standard-sized appliances</li> <li>– have separate rooms for living and sleeping</li> <li>– have no lock-out bedrooms</li> <li>– not be part of a rental pool agreement</li> </ul> </li> <li>• Rental income is not considered for qualification purposes.</li> <li>• <b>Loans secured by properties located in Restricted Markets (defined on p. 1) must meet Restricted Market Parameters (see p. 8). See <a href="http://www.mgic.com/restrictedmarkets">www.mgic.com/restrictedmarkets</a> for more information and a Market Search look-up tool to determine whether MGIC Restricted Market Guidelines apply.</b></li> <li>• Loan must meet all other standard MGIC guidelines.</li> </ul> <p>*See <a href="http://www.mgic.com">complete guidelines at www.mgic.com</a> for additional criteria that may apply.</p>				

## Manufactured Home Parameters

	Occupancy	Loan Purpose	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
<b>LTV/Loan Amount</b>	Primary Residence	Purchase & Rate/Term Refinance	1	90%	\$417,000	660
	Second Home	Purchase & Rate/Term Refinance	1	90%	\$417,000	680
<b>Documentation Type</b>	Full Documentation					
	<b>Ineligible:</b> Reduced Documentation					
<b>Loan Purpose</b>	See LTV/Loan Amount section above.					
	<b>Ineligible:</b> Cash-Out Refinance					
<b>Occupancy</b>	See LTV/Loan Amount section above.					
<b>Loan Type</b>	Fixed-Rate					
	Fully Amortizing ARM*					
	<b>Ineligible:</b> Interest-Only, Balloon, Temporary Buydown, Potential Neg-Am, Scheduled Neg-Am, GPM					
<b>Credit</b>	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*					
	No bankruptcies, foreclosures, deeds in lieu or short sales within the past 4 years					
	<b>Ineligible:</b> Nontraditional credit					
<b>Credit Score</b>	See LTV/Loan Amount section above.					
<b>Property Type</b>	<b>Ineligible:</b> Cooperatives, single-wide manufactured homes, leased land					
<b>Subordinate Financing</b>	See LTV/Loan Amount section above for maximum CLTV requirements.					
<b>Minimum Borrower Contribution</b>				<b>Borrower's Own Funds</b>		
	Purchase – Primary Residence			3%		
	Purchase – Second Home			5%		
<b>Reserves</b>	2 months' PITI					
<b>Seller/Builder Contribution</b>	6% Maximum Contribution					
<b>DTI Ratio</b>	Primary Residence – 45% Total DTI (see p. 1 for AUS Considerations) Second Home – 41% Total DTI (see p. 1 for AUS Considerations)					
<b>Notes</b>	<ul style="list-style-type: none"> <li>• Manufactured 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 are deemed real estate.</li> <li>• Maximum 5-acre lot</li> <li>• Minimum square footage – 1,200</li> <li>• Full URAR and the 70B Manufactured Home Addendum or Form 1004C/Form 70B, as required by AU systems</li> <li>• <b>Loans secured by properties located in Restricted Markets (defined on p. 1) must meet Restricted Market Parameters (see p. 8). See <a href="http://www.mgic.com/restrictedmarkets">www.mgic.com/restrictedmarkets</a> for more information and a Market Search look-up tool to determine whether MGIC Restricted Market Guidelines apply.</b></li> <li>• Loan must meet all other standard MGIC guidelines.</li> </ul> <p>*See <a href="http://www.mgic.com">complete guidelines at www.mgic.com</a> for additional criteria that may apply.</p>					

## Streamline Refinance Parameters

Eligible Loans	Existing MGIC-Insured Loans Only			
	Occupancy	Units	Max. LTV/CLTV	Min. Credit Score
	Same as originally insured	Same as originally insured	Maximum 100%, based on current value	No minimum
Documentation Type	Current Residential Loan Application Form 1003/65 or Underwriting Summary Form 1008			
	Current Credit Report			
	Current Payment History			
	Current Property Valuation			
Loan Purpose	Rate/Term Refinance – <ul style="list-style-type: none"> <li>• The lesser of 2% or \$2,000 cash back</li> <li>• Reasonable closing costs may be added to balance, not to exceed the lesser of 3% or \$7,500.</li> </ul>			
Occupancy	See LTV/Loan Amount section above.			
Loan Type	Fixed-Rate			
	Fully Amortizing ARM – Minimum 5 years to first adjustment*			
	Interest-Only (minimum 5 years for ARM, 10 years for Fixed-Rate)			
Credit	Mortgage payment history		Current at application	
			0x30 in the most recent 12 months	
Property Type	Same as original			
Subordinate Financing	Existing financing may be re-subordinated. Maximum 100% CLTV			
Minimum Borrower Contribution	Not Applicable			
Reserves	Not Applicable			
Seller/Builder Contribution	Not Applicable			
DTI Ratio	Not Applicable			
Payment Change	No increase in P & I from existing loan			
Premium	<ul style="list-style-type: none"> <li>• Rate Category must remain the same (i.e., A = A; A- = A-; Alt-A = Alt-A).</li> <li>• <b>Ineligible:</b> SingleFile</li> <li>• Percentage of coverage must remain the same.</li> <li>• Currently filed premium rates apply. Premium rate is based on new instrument.</li> </ul>			
Notes	<ul style="list-style-type: none"> <li>• Restricted Market parameters do not apply to eligible Streamline Refinance loans.</li> <li>• Loans not meeting these guidelines are subject to MGIC’s standard refinance guidelines and documentation requirements.</li> </ul> <p><b>*See complete guidelines at <a href="http://www.mgic.com">www.mgic.com</a> for additional criteria that may apply.</b></p>			

## Conforming Jumbo Loan Parameters

MGIC's Conforming Jumbo Loan Parameters apply to loans that exceed MGIC's standard maximum loan amount limits, but are within Fannie Mae's or Freddie Mac's Conforming Jumbo limits.

LTV/Loan Amount	Units	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score
	1	90%	Conforming Jumbo	700
<b>Documentation Type</b>	Full Documentation			
	<b>Ineligible:</b> Reduced Documentation			
<b>Loan Purpose</b>	Purchase and Rate/Term Refinance			
	<b>Ineligible:</b> Cash-Out Refinance			
<b>Occupancy</b>	Primary Residence			
<b>Loan Type</b>	Fixed-Rate			
	Fully Amortizing ARM*			
	Balloon with an initial term of 5 years or more*			
	Temporary Buydown*			
	Interest-Only*			
	GPM*			
	<b>Ineligible:</b> Scheduled Neg-Am; Potential Neg-Am, including Pay Option ARMs*			
<b>Credit</b>	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*			
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years			
	<b>Ineligible:</b> Nontraditional credit			
<b>Credit Score</b>	See LTV/Loan Amount section above for maximum CLTV.			
<b>Property Type</b>	Detached			
	Attached (including condominiums and cooperatives)			
	<b>Ineligible:</b> Attached Housing and condominiums in Florida; nonwarrantable condominiums			
<b>Subordinate Financing</b>	See LTV/Loan Amount section above for maximum CLTV requirements.			
<b>Minimum Borrower Contribution</b>	Purchase – 5% from borrower's own funds			
<b>Reserves</b>	< 720 requires 2 months' PITI			
<b>Seller/Builder Contribution</b>	3% Maximum Contribution			
<b>DTI Ratio</b>	45% Total DTI			
<b>Notes</b>	<ul style="list-style-type: none"> <li>• <b>Loans secured by properties located in Restricted Markets (defined on p. 1) must meet Restricted Market Parameters (see p. 8). See <a href="http://www.mgic.com/restrictedmarkets">www.mgic.com/restrictedmarkets</a> for more information and a Market Search look-up tool to determine whether MGIC Restricted Market Guidelines apply.</b></li> <li>• Loan must meet all other standard MGIC guidelines.</li> </ul> <p>*See complete guidelines at <a href="http://www.mgic.com">www.mgic.com</a> for additional criteria that may apply.</p>			

## Construction-Permanent and Appraised "Subject to Completion" Parameters

<b>LTV/Loan Amount</b>	<b>Market Conditions</b>	<b>Units</b>	<b>Max. LTV/CLTV</b>	<b>Max. Loan Amount</b>	<b>Min. Credit Score</b>
	Nonrestricted	1	95%	\$417,000	700
		1	90%	\$650,000 <sup>1</sup>	700
	Restricted	1	90%	\$417,000	700
1		85%	\$650,000 <sup>1</sup>	700	
<b>Documentation Type</b>	Full Documentation				
	<b>Ineligible:</b> Reduced Documentation				
<b>Loan Purpose</b>	Construction-Permanent and Appraised "Subject to Completion"*				
<b>Occupancy</b>	Primary Residence				
<b>Loan Type</b>	Fixed-Rate				
	Fully Amortizing ARM*				
	Balloon with an initial term of 5 years or more*				
	Temporary Buydown*				
	Interest-Only*				
	GPM*				
	<b>Ineligible:</b> Scheduled Neg-Am; Potential Neg-Am, including Pay Option ARMs*				
<b>Credit</b>	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years				
	<b>Ineligible:</b> Nontraditional credit				
<b>Credit Score</b>	See LTV/Loan Amount section above.				
<b>Property Type</b>	Detached				
	Attached (including condominiums)				
	<b>Ineligible:</b> Attached Housing and condominiums in Florida; nonwarrantable condominiums				
<b>Subordinate Financing</b>	See LTV/Loan Amount section above for maximum CLTV requirements.				
<b>Minimum Borrower Contribution</b>	3% of borrower's own funds or Lot Equity*				
<b>Reserves</b>	< 720 FICO requires 2 months' PITI				
<b>Seller/Builder Contribution</b>	<b>LTV/CLTV</b>	<b>Maximum Contribution</b>			
	95%	3%			
	90%	6%			
<b>DTI Ratio</b>	45% Total DTI (see p. 1 for AUS Considerations)				
<b>Notes</b>	<ul style="list-style-type: none"> <li>• Purchase price and/or total acquisition cost must be documented.</li> <li>• LTV is based on the lower of the purchase price, acquisition cost or the appraised value.</li> <li>• Insurance premiums must be received based on closing date of the construction loan and the applicable premium plan in order for coverage to be effective.</li> <li>• MGIC commitment/certificate will be issued for a period of 12 months.</li> <li>• <b>Loans secured by properties located in Restricted Markets (defined on p. 1) must meet Restricted Market Parameters (see p. 8). See <a href="http://www.mgic.com/restrictedmarkets">www.mgic.com/restrictedmarkets</a> for more information and a Market Search look-up tool to determine whether MGIC Restricted Market Guidelines apply.</b></li> <li>• Loan must meet all other standard MGIC guidelines.</li> </ul> <p>*See complete guidelines at <a href="http://www.mgic.com">www.mgic.com</a> for additional criteria that may apply.</p> <p><sup>1</sup> Or up to the applicable GSE Conforming Jumbo Loan limit (see p. 6)</p>				

## Restricted Market Parameters

Primary Residence					
<b>LTV/Loan Amount</b>	<b>Loan Purpose</b>	<b>Units</b>	<b>Max. LTV/CLTV</b>	<b>Max. Loan Amount</b>	<b>Min. Credit Score<sup>2</sup></b>
	Purchase	1	95% <sup>1</sup>	\$417,000	700
	Purchase & Rate/Term Refinance	1-2	90%	\$417,000	680
		2	85%	\$533,850	680
		1	85%	\$650,000 <sup>3</sup>	700
Second Home <sup>4</sup>					
<b>LTV/Loan Amount</b>	Purchase & Rate/Term Refinance	1	90%	\$417,000	680
<b>Documentation Type</b>	Full Documentation <b>Ineligible:</b> Reduced Documentation				
<b>Loan Purpose</b>	See LTV/Loan Amount section above. Appraised "Subject to Completion" – Maximum 90% LTV/CLTV*; Minimum 700 FICO. Second Home – Appraisal must be "as is." <b>Ineligible:</b> Cash-Out Refinance				
<b>Occupancy</b>	Primary Residence or Second Home (Second Home Construction Loans – Ineligible)				
<b>Loan Type</b>	Fixed-Rate				
	Fully Amortizing ARM – Maximum 90% LTV/CLTV*				
	Balloon with an initial term of 5 years or more – Maximum 90% LTV/CLTV*				
	Temporary Buydown – Maximum 90% LTV/CLTV*				
	GPM – Maximum 90% LTV/CLTV* <b>Ineligible:</b> Scheduled Neg-Am; Potential Neg-Am, including Pay Option ARMs; Interest-Only*				
<b>Credit</b>	Nontraditional Credit* – Primary Residence only; all loans must be manually underwritten by MGIC. <b>Ineligible:</b> Second Home				
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*				
	No bankruptcies, deeds in lieu, short sales or foreclosures in the past 4 years				
<b>Credit Score</b>	See LTV/Loan Amount section above.				
<b>Property Type</b>	Detached				
	Attached – Maximum 90% LTV/CLTV				
	Condominiums & Cooperatives (attached & detached) - Maximum 90% LTV/CLTV				
	Manufactured Homes* – Maximum 90% LTV/CLTV				
	<b>Ineligible:</b> Attached Housing and condominiums in Florida; nonwarrantable condominiums				
<b>Subordinate Financing</b>	See LTV/Loan Amount section above for maximum CLTV requirements.				
<b>Minimum Borrower Contribution</b>				<b>Borrower's Own Funds</b>	
	Purchase – Primary Residence			3%	
	Purchase – Second Home			5%	
<b>Reserves</b>	< 720 FICO requires 2 months' PITI				
<b>Seller/Builder Contribution</b>	<b>LTV/CLTV</b>			<b>Maximum Contribution</b>	
	95%			3%	
	90%			6%	
<b>DTI Ratio</b>	Primary Residence – 45% Total DTI (see p. 1 for AUS Considerations) Second Home – 41% Total DTI (see p. 1 for AUS Considerations)				
<b>Notes</b>	<ul style="list-style-type: none"> <li>• Loans secured by properties located in Restricted Markets (defined on p. 1) must meet Restricted Market Parameters (see p. 8). See <a href="http://www.mgic.com/restrictedmarkets">www.mgic.com/restrictedmarkets</a> for more information and a Market Search look-up tool to determine whether MGIC Restricted Market Guidelines apply.</li> <li>• Loan must meet all other MGIC guidelines.</li> <li>*See complete guidelines at <a href="http://www.mgic.com">www.mgic.com</a> for additional criteria that may apply.</li> </ul> <p><sup>1</sup> First-time homebuyers only; fixed payments for first 5 years; AZ, CA, FL &amp; NV – Maximum 90% LTV/CLTV; property appraised "as is"</p> <p><sup>2</sup> Minimum 720 FICO in AZ, CA, FL &amp; NV</p> <p><sup>3</sup> Or up to the applicable GSE Conforming Jumbo Loan limit (see p. 6)</p> <p><sup>4</sup> Second Homes and Construction-Permanent loans are not eligible in AZ, CA, FL &amp; NV.</p>				

### Mortgage Guaranty Insurance Corporation

MGIC Plaza, Milwaukee, Wisconsin 53202 • [www.mgic.com](http://www.mgic.com)

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