



Underwriting Guideline Summary

Effective March 3, 2008

In these times of complex and changing guidelines, this summary provides quick reference to each of MGIC's most common programs, as well as our Restricted Markets parameters. It does not replace our Underwriting Guide, which contains definitions and full details (mgic.com/guides/underwriting.html).

Agency Automated Underwriting Systems

MGIC does not automatically approve loans for mortgage insurance based on decisions obtained from Agency systems. Loans with Agency AUS responses other than Approve or Accept will only be considered under our Expanded Criteria (A-) program.

Restricted Markets

Using both internal and external information, MGIC has identified "at-risk" markets around the country, designated them as "Restricted Markets" and established separate guidelines for them. Our Restricted Markets list at mgic.com/restrictedmarkets will be continually monitored and updated on a quarterly basis.

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Primary Residence Parameters

	Loan Purpose	Units	Max LTV	Max CLTV	Loan Amount	Credit Score	Max Cash Back
LTV/Loan Amount	Purchase & Rate/Term Refinance	1	103%	105%	\$500,000	700	NA
		1	100%	105%	\$700,000	700	NA
		1	100%	105%	\$500,000	680	NA
		2	95%	105%	\$700,000	700	NA
		1-2	95%	105%	\$550,000	620	NA
		1-4	90%	105%	\$650,000	620	NA
	Cash-Out Refinance	1-2	90%	90%	\$550,000	680	\$200,000
Documentation Type	Full Documentation						
	Reduced Documentation – See Reduced Documentation summary						
Loan Purpose	See LTV/Loan Amount section above.						
Occupancy	Primary residence						
Loan Type	Fixed-Rate						
	Fully Amortizing ARM – ARMs with an initial term of less than 5 years with rate cap in excess of 1% per year – Max 95% LTV						
	Balloon with an initial term of 5 years or more*						
	Temporary Buydown*						
	Interest-Only*						
	GPM*						
	Ineligible: Scheduled Neg-Am, Potential Neg-Am – including Pay Option ARMs*						
Credit	Nontraditional credit* – Max 95% LTV; All loans must be manually underwritten by MGIC						
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*						
	No bankruptcies in the past 2 years; or deeds-in-lieu, short sales or foreclosures in the past 3 years; or if cash-out refinance, a 7-year time frame is required.						
Credit Score	See LTV/Loan Amount section above.						
Property Type	Detached						
	Attached (including condominiums and PUDs)						
	Cooperatives – Maximum 90% LTV and ineligible for Cash-Out Refinance						
	Manufactured Housing*						
	Ineligible: Properties located in MGIC Restricted Markets. See www.mgic.com for details.						
Subordinate Financing	See LTV/Loan Amount section above.						
Minimum Borrower Contribution	< 660 FICO requires 3% of borrower’s own funds.						
Reserves	< 720 FICO requires 2 months’ PITI, exclusive of funds derived from Cash-Out Refinance transactions.						
Seller/Builder Contribution	LTV			Maximum Contribution			
	103%			3%			
	90%			6%			
Ratios	Purchase and Rate/Term	45% Total DTI					
	Cash-Out	41% Total DTI					
Program Guidelines	<ul style="list-style-type: none"> • Loan must meet all other standard MGIC Guidelines. *See complete guidelines at mgic.com for additional criteria that may apply. 						

Second Home Parameters

LTV/Loan Amount	Loan Purpose	Units	Max LTV	Max CLTV	Loan Amount	Credit Score	Max Cash Back
	Purchase & Rate/Term Refinance	1	95%	95%	\$700,000	700	NA
		1	95%	95%	\$500,000	620	NA
		1	90%	95%	\$650,000	620	NA
Cash-Out Refinance	1	90%	90%	\$550,000	680	\$100,000	
Documentation Type	Full Documentation						
	Reduced Documentation – See Reduced Documentation summary						
Loan Purpose	See LTV/Loan Amount section above.						
Occupancy	Second home						
Loan Type	Fixed-Rate						
	Fully Amortizing ARM						
	Balloon with an initial term of 5 years or more*						
	Temporary Buydown*						
	Interest-Only*						
	GPM*						
	Ineligible: Scheduled Neg-Am, Potential Neg-Am – including Pay Option ARMs*						
Credit	Nontraditional credit – Not allowed						
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*						
	No bankruptcies in the past 2 years; or deeds-in-lieu, short sales or a foreclosure in the past 3 years; or if cash-out refinance, a 7-year time frame is required.						
Credit Score	See LTV/Loan Amount section above.						
Property Type	Detached						
	Attached (including condominiums and PUDs)						
	Cooperatives – Maximum 90% LTV and ineligible for Cash-Out Refinance						
	Manufactured Housing ineligible for Cash-Out Refinance*						
	Ineligible: Properties located in MGIC Restricted Markets. See www.mgic.com for details.						
Subordinate Financing	See LTV/Loan Amount section above.						
Minimum Borrower Contribution	5%						
Reserves	< 720 FICO requires 2 months' PITI, exclusive of funds derived from Cash-Out Refinance transactions.						
Seller/Builder Contribution	LTV				Maximum Contribution		
	95%				3%		
	90%				6%		
Ratio	41% Total DTI						
Program Guidelines	<ul style="list-style-type: none"> • For a second/vacation home to be eligible for MGIC MI, it must: <ul style="list-style-type: none"> – Have the intended use and enjoyment for the exclusive benefit of the homeowner – Be suitable for year-round occupancy – Have full kitchen facilities with standard-sized appliances – Have separate rooms for living and sleeping – Have no lockout bedrooms – Not be part of a rental pool agreement • Rental income is not allowed or considered • Loan must meet all other standard MGIC guidelines. <p>*See complete guidelines at mgic.com for additional criteria that may apply.</p>						

Investment Property Parameters

LTV/Loan Amount	Loan Purpose	Units	Max LTV/CLTV	Loan Amount	Credit Score
	Purchase & Rate/Term Refinance	1-2	90%	\$500,000	680
		3-4	80%	\$400,000	680
Documentation Type	Full Documentation Ineligible: Reduced Documentation				
Loan Purpose	See LTV/Loan Amount section above.				
Occupancy	Investment property				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM				
	Balloon with an initial term of 5 years or more*				
	Ineligible: Interest-Only, Potential Neg-Am, Schedule Neg-Am – including Pay Option ARMs, Temporary Buydown, GPMs				
Credit	Nontraditional credit – Not allowed				
	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 7 years				
Credit Score	See LTV/Loan Amount section above.				
Property Type	Detached				
	Attached (including condominiums, cooperatives and PUDs)				
	Ineligible: Manufactured Housing, properties located in MGIC Restricted Markets. See www.mgic.com for details.				
Subordinate Financing	See LTV/Loan Amount section above.				
Minimum Borrower Contribution	10% of borrower's own funds (gift funds are ineligible).				
Reserves	6 months' PITI.				
Seller/Builder Contribution	LTV		Maximum Contribution		
	90%		3%		
Ratio	41% Total DTI				
Program Guidelines	<ul style="list-style-type: none"> • For investment property to be eligible for MGIC MI, it must: <ul style="list-style-type: none"> – Be suitable for year-round rental and occupancy – Have a maximum of 2 borrowers used for qualifying – Have qualifying rental income that is: <ul style="list-style-type: none"> • 100% of net rental income (positive cash flow) as supported by an Operating Income Statement (Fannie Mae 216), OR • 75% of the gross rental income minus PITI supported by leases, OR • Net rental income before depreciation supported by tax returns • Negative net rental income will be added to the borrower's obligations • Loan must meet all other standard MGIC guidelines. <p>*See complete guidelines at mgic.com for additional criteria that may apply.</p>				

Cash-Out Refinance Parameters

LTV/Loan Amount	Occupancy	Units	Max LTV/CLTV	Loan Amount	Credit Score	Max Cash Back
	Primary Residence	1-2	90%	\$550,000	680	\$200,000
	Second Home	1	90%	\$550,000	680	\$100,000
Documentation Type	Full Documentation Ineligible: Reduced Documentation					
Loan Purpose	Cash-Out Refinance					
Occupancy	See LTV/Loan Amount section above.					
Loan Type	Fixed-Rate					
	Fully Amortizing ARM					
	Balloon with an initial term of 5 years or more*					
	Ineligible: Temporary Buydown, Interest-Only, GPM, Potential Neg-Am – including Pay Option ARMs, Scheduled Neg-Am					
Credit	Nontraditional credit – Not allowed					
	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 within the past 7 years					
Credit Score	See LTV/Loan Amount section above.					
Property Type	Detached					
	Attached (including condominiums and PUDs)					
	Ineligible: Cooperatives, Manufactured Housing, properties located in MGIC Restricted Markets. See www.mgic.com for details.					
Subordinate Financing	See LTV/Loan Amount section above.					
Minimum Borrower Contribution	Not Applicable					
Reserves	< 720 FICO requires 2 months' PITI (exclusive of funds derived from cash-out refinance transaction).					
Seller/Builder Contribution	Not Applicable					
Ratio	41% Total DTI					
Program Guidelines	<ul style="list-style-type: none"> • Loan must meet all other standard MGIC guidelines. *See complete guidelines at mgic.com for additional criteria that may apply.					

Reduced Documentation (Stated Income) Parameters

LTV/Loan Amount	Occupancy	Loan Purpose	Units	Max LTV/CLTV	Loan Amount	Credit Score	Max Cash Back
	Primary Residence	Purchase & Rate/Term Refinance	1-2	90%	\$450,000	660	NA
	Second Home	Purchase & Rate/Term Refinance	1	90%	\$450,000	700	NA
Documentation Type	Stated Income/Verified Asset Stated Income/Stated Asset						
Loan Purpose	See LTV/Loan Amount section above. Ineligible: Cash-Out Refinance or Investment						
Occupancy	See LTV/Loan Amount section above.						
Loan Type	Fixed-Rate						
	Fully Amortizing ARM						
	Balloon with an initial term of 5 years or more*						
	Interest-Only with an initial term of 5 years or more*						
	Ineligible: Temporary Buydown, GPM, Potential Neg-Am – including Pay Option ARMs, Scheduled Neg-Am						
Income	Loan must have at least 50% of the qualifying income from a self-employed source.						
	Self-employed source requires a 25% or more ownership interest.						
	Commission borrowers are generally not self-employed.						
Credit	Nontraditional credit – Not allowed						
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*						
	Minimum 4 tradelines must be open and active credit references documented for the most recent 12 months.						
	Borrowers have been current (0x30) for at least 12 months on existing mortgage.						
	No bankruptcies, deeds-in-lieu, short sales or foreclosures within the past 7 years						
Credit Score	Ineligible: Expanded Criteria A-						
Credit Score	See LTV/Loan Amount section above.						
Property Type	Detached						
	Attached (including condominiums and PUDs)						
	Ineligible: Cooperatives and Manufactured Housing, properties located in Puerto Rico, MGIC soft or weak markets, properties located in MGIC Restricted Markets. See www.mgic.com for details.						
Subordinate Financing	See LTV/Loan Amount section above.						
Minimum Borrower Contribution	5% of borrower's own funds.						
Reserves	3 months' PITI						
Seller/Builder Contribution	LTV			Maximum Contribution			
	95%			3%			
	90%			6%			
Ratio	41% Total DTI						
Program Guidelines	<ul style="list-style-type: none"> • Loan must be clearly identified as a Reduced Documentation Loan • For owner-occupied properties, all borrowers used to qualify must occupy • Verbal verification of employment must be performed on all Reduced Documentation (Alt-A) loans to confirm the borrower's current employment and position • Annual income must be reviewed and deemed reasonable for position stated; assets must coincide with annual income • MGIC reserves the right to use its judgment when evaluating loans submitted using MGIC's Reduced Documentation program • Self-employed borrowers must have been self-employed a minimum of 2 years • Loans previously denied by MGIC are ineligible • Information previously obtained by MGIC about a borrower will be used if inconsistent subsequent information is received in a Reduced Documentation submission for that borrower • Loan may not be changed from Full Documentation to Stated Documentation. • Loan must meet all other standard MGIC guidelines. <p>*See complete guidelines at mgic.com for additional criteria that may apply.</p>						

Expanded Criteria A-Minus Parameters

	Occupancy	Loan Purpose	Units	Max LTV/CLTV	Loan Amount	Credit Score	Max Cash Back
LTV/Loan Amount	Primary Residence	Purchase & Rate/Term Refinance	1-2	95%	\$450,000	660	NA
			1-2	90%	\$500,000	660	NA
			1-2	85%	\$550,000	660	NA
		Cash-Out Refinance	1-2	90%	\$450,000	680	\$100,000
Documentation Type	Full Documentation						
	Ineligible: Reduced Documentation						
Loan Purpose	See LTV/Loan Amount section above.						
Occupancy	See LTV/Loan Amount section above.						
Loan Type	Fixed-Rate						
	Fully Amortizing ARM						
	Balloon with an initial term of 5 years or more*						
	Temporary Buydown*						
	Ineligible: Interest-Only, GPM, Potential Neg-Am – including Pay Option ARMs, Scheduled Neg-Am, ARMs with an initial term of less than 5 years with rate cap in excess of 1% per year						
Credit	Nontraditional credit – Not allowed						
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*						
	Housing payment history 0x60 days late or beyond on any mortgage/rent payment in the past 12 months						
	Rolling 30 days late are acceptable; however, all open mortgages must be current at the time of loan application.						
	Judgments/tax liens – Must be paid in full prior to or at closing.						
	Repossessions, collections, charge-offs – May remain unpaid, subject to the following limits: up to \$500 per account and up to \$2500 in aggregate.						
	Bankruptcies – Must be discharged 2 years prior to loan application.						
	Notices of default, foreclosures, deeds-in-lieu, short sales – 2 years must have passed prior to loan application.						
Credit Score	Consumer Credit Counseling – Counseling must be completed and debts paid prior to or at loan closing.						
	See LTV/Loan Amount section above.						
Property Type	Detached						
	Attached (including condominiums and PUDs)						
	Ineligible: Cooperatives, Manufactured Housing, properties located in MGIC Restricted Markets. See www.mgic.com for details.						
Subordinate Financing	See LTV/Loan Amount section above.						
Minimum Borrower Contribution	3% of borrower's own funds.						
Reserves	Purchase and Rate/Term Refinance requires 2 months' PITI						
Seller/Builder Contribution	LTV			Maximum Contribution			
	95%			3%			
	90%			6%			
Ratio	50% Total DTI						
Program Guidelines	<ul style="list-style-type: none"> • For properties located in New York, see the New York MGIC Expanded Criteria A- rate card. • Loan must meet all other standard MGIC Guidelines. <p>*See complete guidelines at mgic.com for additional criteria that may apply.</p>						

Restricted Market Parameters

Primary Residence					
LTV/Loan Amount	Loan Purpose	Units	Max LTV/CLTV	Loan Amount	Credit Score
	Purchase & Rate/Term Refinance	1-2	95%	\$700,000	700
		1-2	95%	\$550,000	680
		1-4	90%	\$650,000	620
Second Home					
LTV/Loan Amount	Purchase & Rate/Term Refinance	1	95%	\$700,000	700
		1	95%	\$500,000	680
		1	90%	\$650,000	620
Documentation Type	Full Documentation Only Ineligible: Reduced Documentation				
Loan Purpose	See LTV/Loan Amount section above.				
Occupancy	Primary residence/Second home				
Loan Type	Fixed-Rate				
	Fully Amortizing ARM				
	Balloon with an initial term of 5 years or more*				
	Temporary Buydown*				
	Interest-Only*				
	GPM*				
	Ineligible: Scheduled Neg-Am, Potential Neg-Am – including Pay Option ARMs*				
Credit	Nontraditional credit* – All loans must be manually underwritten by MGIC; Primary residence only Ineligible: Second Home				
	The lowest Indicator FICO (middle of 3; lower of 2) for all borrowers is considered the Loan Indicator score.*				
	No bankruptcies in the past 2 years; or deeds-in-lieu, short sales or foreclosures in the past 3 years				
Credit Score	See LTV/Loan Amount section above.				
Property Type	Detached				
	Attached:	Townhomes and PUDs			
		Condominiums and Cooperatives, Max 90% LTV			
	Manufactured Housing*				
Subordinate Financing	See LTV/Loan Amount section above.				
Minimum Borrower Contribution	Primary – < 660 FICO requires 3% of borrower's own funds Second Home – requires 5% of borrower's own funds				
Reserves	< 720 FICO requires 2 months' PITI				
Seller/Builder Contribution	LTV	Maximum Contribution			
	95%	3%			
	90%	6%			
Ratios	Primary – 45% Total DTI Second Home – 41% Total DTI				
Program Guidelines	<ul style="list-style-type: none"> • Loan must meet all other standard MGIC Guidelines. *See complete guidelines at mgic.com for additional criteria that may apply. 				

Mortgage Guaranty Insurance Corporation

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