



Renovation 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.

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.

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 ³	Min. Reserves (Number of Months' PITI)	Min. Borrower Contribution
Home Improvement	1-Unit Detached, Attached, Condominiums, PUDs	97%	FHFA high-cost max ¹	660	45% ⁴	2	3%
		95%	\$1,149,825	680	45%	6	5%
	2-Unit	95%	FHFA high-cost max ¹	680	45% ⁴	2	3%
		95%	\$1,149,825	680	45%	6	5%
	3-4 Unit	90%	FHFA baseline conforming limit ²	720	45%	6	5%
	1-Unit Detached, Attached, Condominiums, PUDs ≤ 20 Acres	90%	\$1,650,000	720	43%	12	10%
85%		\$2,150,000	740	43%	12	10%	

¹Maximum must not exceed the FHFA published conforming loan limit for the specific county of the subject property.

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

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

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

Eligible Origination Channels

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

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Product Description

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Documentation

- Complete Origination File documents (UWG 1.06.02)
- Cost of improvements – signed contracts or paid receipts
- Appraisal itemizing the improvements/rehabilitation
- Borrower-completed improvements:
 - Verification of the borrower's skill and ability to perform (e.g., electrical or plumbing license)
 - Paid material receipts

Underwriting Options

Loan amount ≤ \$1,149,825:

- 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 > \$1,149,825:

- 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.

Mortgage Insurance Premium Plans

- Borrower-Paid: Monthly, Single

Mortgage Insurance Coverage – Get a rate quote with MiQ, 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 for **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

Home Improvement / Rehabilitation Loan (UWG 3.06.05)

- Purchase loan (UWG 3.06.01) when the borrower is not the owner of the subject property as of the loan closing date
- Rate/term refinance (UWG 3.06.02) when the borrower has legal ownership of the subject property as of the loan closing date
- Underwriting and mortgage insurance premium rates are based on the terms of the permanent financing
- Property value used for LTV calculation
 - Purchase loans – use the lesser of:
 - Purchase price plus documented cost of improvements
 - Current appraised value as completed per plans and specs
 - Home improvement rate/term refinance – Use current appraised value, as completed per plans and specs
- Improvements
 - Eligible expenses include:
 - Architectural, consulting and engineering fees
 - Contracted labor
 - Materials
 - Permit fees
 - Property inspection fees
 - Title fees
 - Contingency reserve up to 15% of the cost of improvements
 - Borrower-completed improvements or repairs:
 - May not exceed 10% of the "as completed" value of the property
 - The borrower must have the skill to perform the work
 - The borrower may be reimbursed for the cost of the materials
- Sweat Equity
 - Eligible after the minimum borrower contribution (UWG 3.10.01)
 - Purchase of a primary residence
 - Maximum credit – 5% of the property value
 - The borrower must have the skill to perform the work

Loan Type and Terms (UWG 3.08)

- Maximum term: 40 years
- Fixed-rate
- Fully amortizing ARM
 - Initial term < 5 years: Maximum 95% LTV/CLTV
 - Loan amounts > \$1,149,825: Initial term 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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Product Description

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 term of 5 years – Use greater of note rate + 2% or FIAR
 - Fixed-rate or ARM with an initial term > 5 years – Use note rate

- **Ineligible: Non-conforming loan limits**

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 **\$1,149,825**; 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: **\$1,149,825**
 - 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 and/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)

- 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: **\$1,149,825**
 - 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: Manufactured homes, 3- to 4-unit properties, properties located in Guam and Puerto Rico**

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 **\$1,149,825** – A Uniform Residential Appraisal Report (URAR)
- Loan amount $>$ **\$1,149,825** – 2 independent URARs or 1 independent URAR plus an appraiser-provided field review supporting its value

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