



MGIC

CONSTRUCTION- PERMANENT LOANS

Insure during construction or upon completion.
The choice is yours with MGIC MI for construction-permanent loans.

MI NOW OR LATER



THE FRAMEWORK

HAMMER OUT THE DETAILS

ACTIVATION REQUIREMENTS

To activate MGIC insurance, notify us within 15 days of loan closing or the modification of the one-time closed construction loan to the permanent loan. The loan must be current on the activation date.

Activation Upon Construction Loan Closing


Activate coverage prior to the property's completion, upon closing of the construction loan. Premiums are based on the permanent loan amount.

Activation Upon Permanent Loan Closing

Activate coverage after the property's completion, upon closing the permanent loan (or the modification of the one-time close loan to the permanent structure).

Generally, a property must be complete prior to insurance activation; however, if the property is occupancy-ready and at least 90% complete, escrow up to 10% of the property value for improvements or repairs necessary to complete the property.

- Improvements or repairs must be completed within 180 days of the note date
- Evidence of completion must be documented in the Loan File
- We are not liable for a Claim on a loan where required improvements or repairs were not completed within 180 days of the note date

 Prior to activation, please verify all information on the Commitment/Certificate and report any discrepancies to your local MGIC Underwriting Service Center, go to mgic.com/contact.



UNDERWRITING REQUIREMENTS

Structure the loan as either a purchase loan or a rate/term refinance.

Underwrite the loan according to the terms of the permanent loan.

LTV Calculation

For purchase loans – Use the lower of the current as-completed appraised value or the acquisition cost/purchase price (the total of construction costs plus purchase price of the lot).

For rate/term refinances – Use the current as-completed appraised value.

Eligible Uses for Loan Proceeds

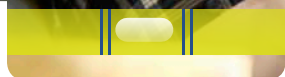
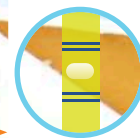
- Payoff of the seller, builder or construction loan with no cash back to the borrower

Additional Requirements

See our Underwriting Guides, mgic.com/guides.

Loans must close or be modified to permanent financing on or before the Commitment expiration date.

- If you need to extend the Commitment effective period, contact your MGIC Underwriting Service Center, mgic.com/contact
 - Extensions are subject to Underwriting Requirements in effect on the date of the extension request
 - We may require additional information



ON THE LEVEL



DOCUMENTATION REQUIREMENTS

Purchase Loans

Full documentation, including:

- Purchase price or acquisition cost
 - Copies of contracts, paid receipts, cancelled checks, etc.
 - Evidence of earnest money/sales contract deposit
 - Verify if greater than 50% of the down payment amount
- Funds escrowed for improvements or repairs
 - Evidence of required repairs and final inspection/evidence of completion
- All Loans
 - Funds escrowed for improvements-evidence of final inspection/evidence of completion
 - Loan must meet documentation requirements as of the date the insurance is activated

Rate/Term Refinances

Full documentation, including:

- Evidence of an ownership interest
- Payoff of an individual with an interest in the property
 - Court order (e.g., divorce decree) or legal written agreement identifying the terms and conditions
- Payoff of a subordinate lien:
 - Closed-end second liens
 - HUD-1 Settlement Statement/Closing Disclosure
 - Home Equity Line of Credit (HELOC)
 - HUD-1 Settlement Statement/Closing Disclosure
 - Entire loan history
- Funds escrowed for improvements or repairs necessary to complete the property
 - Purchase agreement, appraisal, inspection, etc.

See our Underwriting Guide for additional documentation requirements, ngic.com/uwguide.





Mortgage Guaranty Insurance Corporation
MGIC Plaza, Milwaukee, Wisconsin 53202 • mgic.com
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