

## RURAL ACREAGE PRO Product Description

Rural Acreage 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 and eligibility 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 additional details, including documentation requirements, in Section 3, subsection 6, of the Guide. See our Underwriting Guide for full definitions, details and documentation requirements, [mgic.com/uwguide](http://mgic.com/uwguide).

Loans must meet requirements stated below and in our Underwriting Guide Section 1 and Section 3. Consult your internal staff regarding regulatory and compliance requirements.

Changes to the previous version of this document are highlighted in green.

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

Loan Purpose	Property Type	Max. LTV/CLTV	Max. Loan Amount	Min. Credit Score	Max. Total DTI	Min. Reserves (Number of Months' PITI)	Min. Borrower Contribution
Purchase, Rate/Term Refinance, Construction-Permanent	1-Unit Detached	97%	\$650,000	720	45%	2	3%
		97%	\$475,000 AK & HI \$700,000	660	45%	2	3%
		95%	\$650,000	680	45%*	2	3%
		95%	\$850,000	720	45%	6	5%
		90%	\$850,000	680	45%	6	5%
	2-Unit	95%	\$650,000	680	45%*	2	3%
	1-Unit Detached ≤ 20 Acres	90%	\$1,000,000	720	43%	9	10%
85%		\$1,500,000	740	43%	12	10%	
Purchase, Rate/Term Refinance	1-Unit Manufactured Homes	95%	\$475,000	660	45%	2	3%
Cash-Out Refinance	1-Unit Detached	85%	\$475,000	720	41%	2	N/A

\*DTI ratio: Nonfixed-rate/payment < 5 years - 41% Total DTI

### Eligible Origination Channels

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

### Loan Purpose

- See eligible loan purposes above
- Cash-out refinance: Maximum cash-out \$100,000; see (UWG 3.03.03)

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## Documentation

- Complete Loan Origination File (UWG 1.05.03); see UWG 3.01 for Agency AUS documentation efficiencies

## Credit (UWG 3.10.02)

- Use the lowest of all Borrower Indicator Scores – the lower of 2 or middle of 3 valid credit scores for each borrower. See UWG 3.10.02.
- When no borrower has a valid credit score (UWG 3.10.02b):
  - Qualifying with Nontraditional Credit: Requires an MGIC MI Underwrite/Full-Doc Review (UWG 1.05.03); maximum 90% LTV/CLTV; maximum loan amount, \$650,000; see UWG 3.10.04

## Borrower Contribution (UWG 3.09.03)

- Minimum borrower's own funds toward the down payment, closing costs, prepaids and reserves (see Eligibility Matrix)
- Gifts of cash can apply toward the 3%: Maximum loan amount, \$650,000; maximum DTI, 41%; credit score  $\geq$  720; see UWG 3.09.04i

## Seller/Builder Contribution (UWG 3.09.04u)

Maximum contribution: 97% LTV/CLTV, 3%; 90% LTV/CLTV, 6%

## Maximum LTV/CLTV

Maximum LTV, nonoccupant co-borrower: 95%

## Property Type (UWG 3.12.03)

- Rural property (UWG 3.12.03i)
  - The property is located in an area with low population density, some distance from urban centers, with large acreages and minimal community services
  - Primary use must be residential
  - Income from the subject property is not eligible for qualification
  - Properties with more than 20 acres:
    - Maximum loan amount - \$850,000
    - Land value may not exceed 50% of the total value
    - Requires an MGIC MI Underwrite/Full-Doc Review (UWG 1.05.03)
- Manufactured homes (UWG 3.12.03f):
  - Double-wide or greater
  - Fixed-rate/payment or fully amortizing ARMs with initial term of 7 years or more
  - Loan term maximum 30 years
  - Ineligible: Leased land, construction-permanent loans, temporary buydowns
- **Ineligible: 3- to 4-unit properties, properties located in Guam and Puerto Rico**

## Appraisal

- Loan amount  $\leq$  \$1,000,000 - A Uniform Residential Appraisal Report (URAR), including interior and exterior inspections, all addenda, attachments, schedules, photographs and other information included by the appraiser
- Loan amount  $>$  \$1,000,000 - 2 independent URARs (as previously defined) or 1 independent URAR plus a field review supporting its value

## Student Loans (UWG 3.11.04)

Student loans (deferred, forbearance or repayment):

- Use the verified monthly payment from the credit report or other documentation, including the income-based repayment (IBR) approval letter
- If the monthly payment is not verified on the credit report or other documentation, use 1% of the outstanding loan balance
- You may exclude student loan payments from the total monthly obligation under the following conditions:
  - Payment will be deferred for a minimum of 12 months after the loan closing date, and
  - The borrower responsible for the debt is in one of the following professions:
    - Medical Resident
    - Medical Doctor
    - Doctor of Dental Science
    - Doctor of Dental Medicine or Surgery
    - Doctor of Optometry
    - Doctor of Ophthalmology
    - Doctor of Pediatric Medicine
    - Doctor of Osteopathy

## Loan Type (UWG 3.04)

- Fixed-rate
- Fully amortizing ARM: Maximum 95% LTV/CLTV for ARMs with an initial term < 5 years or for 5-year ARMs with an initial cap > 5%
  - Ineligible: Cash-out refinance
- Balloon: Maximum 95% LTV/CLTV with an initial term of 5 years or more
  - Ineligible: Cash-out refinance
- Temporary buydown: Maximum 95% LTV/CLTV
  - Ineligible: Cash-out refinance, manufactured homes
  - Ineligible: Interest-only, GPM, scheduled neg-am, potential neg-am

## Eligible Product Terms (UWG 3.04)

Fixed-Rate	Nonfixed-Rate
40-year	6 months to < 1-year ARM*
30-year	≥ 1 year to < 3-year ARM*
20-year	≥ 3 years to < 5-year ARM*
15-year	5/1 ARM
10-year	5/5 ARM
Balloon with an initial term ≥ 5 years	7/1 ARM
	10/1 ARM

\*Loan amounts ≤ \$650,000

**Note:** Products are fully amortizing with customizable terms between 10 and 40 years.

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### Temporary Buydowns (UWG 3.04.04)

Units	LTV/CLTV	Max. Buydown	Max. Annual Increase
1	90.01%-95%	2%-1%	1%
	≤ 90%	3%-2%-1%	1%
2	≤ 95%	2%-1%	1%

- Temporary Buydowns limited to loan amounts ≤ \$650,000
- Qualification:
  - Fixed-rate or ARM with an initial term > 5 years - Use note rate
  - ARM with an initial term of 5 years - Use note rate +2%
- Eligible loan types:
  - Fixed-rate
  - Fully-amortizing ARM with an initial term ≥ 5 years
  - Balloon with an initial term ≥ 5 years

### ARM Details (UWG 3.04.02)

Products	Max. 1st Adjustment (after)		Subsequent Adjustments		Lifetime Cap	Qualify at
6 months to < 1 year ARM	1%	6 months to < 1 year	2%	Annually	6%	FIAR + 2%
≥ 1 year to < 3 year ARM	2%	≥ 1 year to < 3 years	2%	Annually	6%	FIAR + 2%
≥ 3 years to < 5 year ARM	3%	≥ 3 years to < 5 years	2%	Annually	6%	FIAR + 2%
5/1 ARM	6%	5 years	2%	Annually	6%	Note Rate +2%
5/5 ARM	5%	5 years	5%	Every 5 years	5%	Note Rate +2%
7/1 ARM	6%	7 years	2%	Annually	6%	Note Rate
10/1 ARM	6%	10 years	2%	Annually	6%	Note Rate

**Note:** Index must be publicly available and beyond lender control (e.g., LIBOR, COFI, CMT).

### Mortgage Insurance Premium Plans

- Borrower-Paid: Monthly, Single, Annual, Split
- Lender-Paid: Monthly, Single

### Mortgage Insurance Coverage - See our Rate Finder for additional coverage levels, [mgic.com/ratefinder](http://mgic.com/ratefinder).

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 loan amounts > \$650,000, maximum mortgage insurance coverage is limited to:
  - 95% LTV: 30%
  - 90% LTV: 25%
  - 85% LTV: 12%
- For cash-out refinances, maximum mortgage insurance coverage is limited to 12%

### Mortgage Insurance Submission Options (UWG 1.05)

**Loan amount ≤ \$850,000:**

- Delegated MI Underwrite
  - Submit data-only files via the Loan Center, your LOS or other electronic data interface
- MGIC MI Underwrite
  - Submit documents with your MGIC Insurance Application via the Loan Center or other document-delivery service, fax or courier. Upon viewing documents you submit, we may request additional documentation
- MGIC MI Underwrite/Full-Doc Review
  - Submit a complete Loan Origination File via the Loan Center or other document delivery service, fax or courier

**Loan amount > \$850,000:**

- MGIC MI Underwrite/Full-Doc Review
  - Submit a complete Loan Origination File via the Loan Center or other document delivery service, fax or courier

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