

MGIC announces updates to underwriting guidelines

We've made updates to our Underwriting Guide and have listed highlights of those changes below. See the Summary of Changes in our [Underwriting Guide](#) for details on these updates and other revisions. All changes are effective for MI applications we receive on or after October 2, 2019.

- **Investment Property** (3.02.01d) – We now allow rate/term refinance loans
- **Home Improvement/Rehabilitation Loan** (3.02.01 a&b, 3.02.02 b&c and 3.03.04c)
 - Manufactured homes are ineligible
 - Contingency reserves have increased from 10% to 15% under eligible expenses
- **Cash-Out Refinance** (3.03.03) – The amount of time the borrower spent as a majority owner of an LLC that owned the subject property prior to closing will now be allowed to count toward the borrower's 6-month requirement of ownership interest
- **Primary Residence** (3.05.01) – Housing provided by parents or legal guardians for a physically or developmentally disabled child, who is unable to work or doesn't have sufficient income to qualify on their own, will be considered an owner-occupied primary residence
- **Self-Employed Income** (3.08.02) – Self-employed income or loss is no longer required when the self-employment is a secondary source of income or loss, and the borrower's qualifying income is not derived from a self-employment source
- **Rental Income** (3.08.04 a&b) – The number of years tax returns are required when determining qualifying income has been reduced from 2 years to 1 year
- **Traditional Credit** (3.10.03) – Authorized user accounts are allowed if the borrower has been making the payments, and the payments have been paid as agreed for the past 12 months
- **Alimony/Child Support/Family Support** (3.11.01) – You may reduce the qualifying income by the amount of the alimony obligation in lieu of including it as a monthly payment in the calculation of the DTI ratio

Questions?

For more information:

- See our Underwriting Guide at mgic.com/guides
- Contact your MGIC representative at cu.mgic.com/contact
- Contact customer_service@mgic.com or call 1-800-424-6442