



Second Home Product Description



Designed for second homes within 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 (Second Home)

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
Purchase, Rate/ Term Refinance, Construction- Permanent ⁵ , Home Improvement	1-Unit Detached, Attached, Condominiums, PUDs, Co-Ops	90%	FHFA high-cost max ¹	700	45% ⁴	2	5%
	1-Unit Manufactured Homes (See Property Type section on page 3)	90%	FHFA baseline conforming limit ²	700	45%	2	5%

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.

Additional Eligibility

- Borrower must not own any other residential properties other than their primary residence
- Rental income from subject property may not be used to qualify
- **Ineligible: Properties intended for use as a group living home**

Eligible Origination Channels

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



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Documentation

Complete Origination File documents (UWG 1.06.02).

Underwriting Options

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.

Certain underwriting features may restrict submission options. See our Underwriting Guide for details, mgic.com/uwguide.

Mortgage Insurance Premium Plans

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

Mortgage Insurance Coverage – Get a rate quote with MiQ, mgic.com/MiQ

LTV	10- to 40-Year Term
85.01%-90%	30%, 25%, 17%, 12%
80.01%-85%	25%, 17%, 12%, 6%

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
- **Ineligible:**
 - Cash-out refinance transactions
 - ⁵Construction-Permanent transactions: Attached, condominium, co-op
 - Home Equity Line of Credit (HELOC) transactions

Loan Type and Terms (UWG 3.08)

- Maximum term: 40 years
- Fixed-rate
- Fully amortizing ARM: Loan amounts > \$806,500 must have an initial term of 5 years or more
- Balloon with an initial term of 5 years or more
- **Ineligible:** Interest-only, GPM, scheduled neg-am, potential neg-am

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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: Cash-out refinance transactions

Borrower's Own Funds (UWG 3.10.01)

Minimum 5% borrower's own funds toward the down payment, closing costs, prepaids and reserves

Interested Party Contributions (IPCs) (3.10.04c)

Maximum contribution: 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

- Ineligible: When no borrower has a valid credit score

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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)

- Manufactured home (UWG 3.13.08)
 - Double-wide or greater
 - Fixed-rate/payment or fully amortizing ARMs with initial term of 5 years or more
 - Loan term maximum 30 years
 - **Ineligible: Leased land, condo, co-op, home improvement**
- 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)
 - 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: 2- 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

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