

Posted 01/17/2012

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## 900 - MI Overlays

### MGIC

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<b>Overview</b>	ClearPoint Funding allows for certain parameters great than 80.00% LTV that are NOT insurable by MGIC guidelines. The below details these scenarios and if applicable must be referred to an alternate MI Partner.
<b>Credit / LTV</b>	No bankruptcies, deeds in lieu, short sales or foreclosures within the most recent 4 years.
<b>Housing History</b>	<ul style="list-style-type: none"><li>✓ 0x30 in the most recent 12 months</li><li>✓ 1x30, 0x60 or beyond for the most recent 13 to 24 months.</li></ul>
<b>Reserves</b>	<b>Primary Residence:</b> minimum 2 months regardless of DU/DO findings.
<b>DTI Ratio</b>	For all markets: <ul style="list-style-type: none"><li>✓ 45% total DTI for purchase and refinance transactions with FICO <math>\geq 740</math>, Primary Residence AND FRM, 5/1 or 7/1 ARM only.</li><li>✓ 41% for all other scenarios</li></ul>
<b>Loan Purpose</b>	<b><u>Wholesale Division (TPO Originations) and Retail Originations:</u></b> <b>Limited Cash Out (Rate Term) Refinances:</b> The payoff of a purchase money second mortgage with a rate term refinances is permitted when: <ul style="list-style-type: none"><li>• The junior lien was originated as a purchase money second mortgage (seller or institutional financing) with the first and second lien recorded simultaneously, OR</li><li>• The only draw of a HELOC was for the acquisition of the subject property and is supported by the HUD-1 and loan history.</li></ul>

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## MGIC, Continued

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**Interest Only** Not permitted.

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**Construction to Perm**

- ✓ Construction phase may not have extended more than 12 months.
- ✓ Minimum 700 credit score
- ✓ Not be permitted in a Restricted Market (AZ, FL, NV)

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**REV 01/17**

**Condos**

- ✓ Must meet MGIC’s condo eligibility checklist; see link below.
    - [http://www.mgic.com/pdfs/MGIC\\_Condo\\_Project\\_Eligibility\\_Checklist.pdf](http://www.mgic.com/pdfs/MGIC_Condo_Project_Eligibility_Checklist.pdf)
  - ✓ Requirements for condo projects with 3 or fewer units include the following:
    - Construction of the project or phase must be complete.
    - If the project is a conversion, common elements and renovation work for all units must be completed.
    - One unit in the project or phase (not counting the subject unit) must be sold and conveyed to owner occupants for use as a primary residence or second home.
    - All facilities related to the project must be owned by the homeowners’ association or unit owners.
    - None of the units may be owned by an investor.
    - No single entity may own more than one of the units in the project.
    - No space within the development may be used for commercial purposes.
    - Condominium documents must be enforceable against unit owners by binding arbitration.
    - MGIC may insure up to one unit in the project.
    - MGIC will manually underwrite the file.
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## MGIC, Continued

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### Declining Markets

Defined as Non-Restricted and Restricted Markets categories.

**Restricted Markets are defined as:**

- The entire states of: Arizona, Florida and Nevada

**NOTE:** MGIC will not apply the Restricted Market guidelines to properties in Non-restricted Markets, identified by the appraiser, lender or investor as being in a neighborhood with declining values.

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### Second Homes

In order to be eligible for MGIC MI, a Second Home must:

- ✓ Have the intended use and enjoyment for the exclusive benefits of the homeowner
  - ✓ Be located in a resort or recreational area
  - ✓ Be outside the geographic location of the primary residence
  - ✓ Be suitable for year-round occupancy
  - ✓ Have full kitchen facilities with standard-sized appliances
  - ✓ Have separate rooms for living and sleeping
  - ✓ Have no lock-out bedrooms
  - ✓ Not be part of a rental pool agreement
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## **MGIC, Continued**

### **Restricted Markets**

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The following are high level overlays for subject properties located within MGIC's Restricted Market designation:

- ✓ MGIC defines Restricted Markets as subject properties located within the following states:
    - Arizona
    - Florida
    - Nevada
  - ✓ Primary Residence
    - Minimum 720 credit score.
    - Purchases: Maximum 90% LTV for High Balance loans.
    - Rate Term Refi: Maximum 85.00% LTV for High Balance loans
  - ✓ Second Home
    - Minimum 760 credit score, purchase transactions only.
  - ✓ Maximum 90.00% for condominium property types; Primary Residence only and not permitted for Florida.
  - ✓ Construction to Perm not permitted
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## Genworth

### Overview

ClearPoint Funding allows for certain parameters great than 80.00% LTV that are NOT insurable by Genworth guidelines. The below details these scenarios and if applicable must be referred to an alternate MI Partner.

### Credit / LTV

- ✓ Maximum 95.00% LTV and minimum 660 credit score (purchase and rate term refinance, primary residence).
- ✓ Minimum credit score 700 for High Balance loans.
- ✓ **FLORIDA:**
  - Standard Loan Amount: Maximum 95.00% LTV and minimum 680 credit score (purchase and rate term refinance, primary residence).
  - High Balance Loan Amount: Maximum 90.00% LTV and minimum 740 credit score (purchase and rate term refinance, primary residence).

#### **Cash Out**

- ✓ Maximum 85.00% LTV and minimum 700 credit score for all states.

### Housing History

- ✓ No more than 0x30 in the last twelve (12) months
- ✓ No more than 1 x 30 or 0 x 60 in last 24 months
- ✓ A current status

### Interest Only

Not permitted.

### Temporary Buydowns

Not permitted.

### Reserves

- ✓ **High Balance loans:** 6 months
- ✓ **Primary Residence:**
  - Purchase: Minimum 2 months regardless of DU/DO findings.
  - Refinance: If DU or LP, verify reserves as determined by AUS.

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## Genworth, Continued

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**DTI Ratio** ✓ 41% for all scenarios.

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**Construction to Perm** Minimum 680 credit score.

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**Appraisal** Full URAR, with interior and exterior review and all applicable addendums are required.

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**Condos** ✓ Purchase or Rate Term Refinance 660 credit score.

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**Declining Markets** Primarily focuses on incorporating certain overlays for the state of Florida.

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## United Guaranty

**REV 01/17****Overview**

ClearPoint Funding allows for certain parameters great than 80.00% LTV that are NOT insurable by United Guaranty guidelines. The below details these scenarios and if applicable must be referred to an alternate MI Partner.

**Ineligible Parameters**

- ✓ Loans with new subordinate financing
- ✓ PIW or 2075 inspection reports
- ✓ Transactions with new simultaneous, including purchases, secondary financing are ineligible.

**Refinances**

**Rate Term:** Existing first lien mortgage may not be a cash out refinance transaction seasoned less than six months.

**Cash Out:**

- ✓ If paying off a first lien mortgage that was a cash out refinance transaction and is seasoned less than six months, the new transaction must be considered a cash out as well.
- ✓ Maximum Cash Out limit \$150,000
- ✓ Ineligible Cash Out Transactions include: 3/1 LIBOR ARMs, Construction to permanent loans and properties listed for sale within the most recent six (6) months.
- ✓ Requires a 720 credit score for GQX Markets A, B and C; not eligible for market D.

**Credit**

- ✓ For a credit score to be considered valid, The score must be generated from a minimum of three (3) traditional trade lines evaluated for at least 12 months. Required tradelines must be met for borrowers re-establishing their credit due to previous derogatory credit.
- ✓ All past due accounts must be brought current.

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## United Guaranty, Continued

### High Balance Loans

#### **Loan Amounts \$417,001 – 729,750**

- ✓ Minimum of one month's bank statement AND the documentation required by DU.
- ✓ One year's W-2 AND the documentation required by DU.
- ✓ Two years' complete signed federal income tax returns are required regardless of DU.
- ✓ Full Uniform Residential Appraisal Report (URAR), with interior and exterior inspections, is required.
- ✓ Florida properties are not permitted.

### Reserves / Assets

Second Homes: minimum of six months' PITI in reserves.

**NOTE:** Individual Development Accounts (IDAs) are not acceptable source of funds for the borrower.

### DTI Ratio

Maximum 45% DTI (housing ratio)

### Construction to Perm

LTV is based on the lesser of:

- Current appraised value, or
- Total acquisition costs (costs of improvement plus lot value\*)

#### **\*Determining the Lot Value**

- ✓ Owned less than 12 months
  - Use the lesser of Purchase price or current value of the lot
- ✓ Owned 12 months or more OR land was gifted/inherited
  - Use the current value of the lot

### Appraisal / Property Requirements

- ✓ A full URAR, with interior and exterior inspections, is required for properties located within UG's GQX B, C and D Markets.
- ✓ Maximum 10 acres; up to 15 maybe considered case-by-case.
- ✓ Flips: If the seller has owned the property less than 180 days from the date of the purchase contract, a full Uniform Residential Appraisal Report (URAR), with interior and exterior inspections, is required.

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## United Guaranty, Continued

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### Condos

UG requirements for condominiums are listed below:

- ✓ Properties located in a GQX A market, >90% LTV requires a 680 credit score.
- ✓ Maximum 30% investor concentration within the project or subject legal phase.
- ✓ Minimum 51% of the units of the project or subject legal phase must be conveyed or under contract to purchasers who will occupy the unit as a primary residence or second home.
- ✓ All units in a two to four unit condominium project must be conveyed to purchasers who will occupy the property as their primary residence or second home.
- ✓ No more than 15% of the total units in the condo project can be 30 days or more past due on the payment of condo association fee payments.
- ✓ Non-realty limited common elements (i.e. boat dock slips, cabanas) may not be financed with the property; assigned parking spaces are permitted.
- ✓ Units with less than 600 square feet are not permitted.

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### Declining Markets

Defined as Geographic Quality Index (GQX) in categories of A, B, C and D. Properties located in B, C and D markets require a full Uniform Residential Appraisal Report (URAR), with interior and exterior inspections.

[https://www.ugcorp.com/mi\\_tools/gqx.html](https://www.ugcorp.com/mi_tools/gqx.html)

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## United Guaranty, Continued

### Declining Market – GQX B

For Primary Residence (standard loan amounts) properties identified to be located in GQX B, the following overlays are applied in order to be insured by UG:

- 1-unit, Purchase & Rate Term Refinance, >90% LTV requires a 680 credit score
- Condo, Purchase & Rate Term Refinance, >90% LTV requires a 700 credit score
- Condo, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 680 credit score.

For High Balance:

- 1-unit, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 720 credit score

For 3/1 LIBOR ARMs:

- 720 credit score required.

### Declining Market – GQX C

For properties identified to be located in GQX C, the following overlays are applied in order to be insured by UG:

- 1-unit, Purchase & Rate Term Refinance, >90% LTV requires a 700 credit score
- 1-unit, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 680 credit score
- Condo, Purchase & Rate Term Refinance, >90% LTV requires a 720 credit score
- Condo, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 700 credit score.

For High Balance:

- 1-unit, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 720 credit score
- Condo, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 740 credit score.

For Second Homes (standard loan amount):

- 1-unit, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 740 credit score

**NOTE:** 3/1 LIBOR ARMs are not permitted

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## United Guaranty, Continued

### Declining Market – GQXD

For properties identified to be located in GQX D, the following overlays are applied in order to be insured by UG:

- 1-unit, Purchase & Rate Term Refinance, >90% LTV requires a 720 credit score
- 1-unit, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 700 credit score
- Condo, Purchase & Rate Term Refinance, >90% LTV requires a 740 credit score
- Condo, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 720 credit score.

For High Balance:

- 1-unit, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 740 credit score
- Condo, Purchase & Rate Term Refinance, 80.01 to 90% LTV requires a 760 credit score.

**NOTE:** Cash out refinance, Second Homes and 3/1 LIBOR ARMs are not permitted.

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### Second Homes

- ✓ 3/1 LIBOR ARMs are not permitted for a second home if the property is located in a C or D market.
- ✓ If the home is not located in a recreational area, the borrower must give a satisfactory explanation for the use of the property as a second home.
- ✓ Six (6) months PITI in reserves are required regardless DU/DO.

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### 3/1 LIBOR ARM

- ✓ All 3/1 LIBOR ARMs will require a minimum 700 credit score.
  - ✓ Cash Out Refinance and second homes are not permitted for the 3/1 LIBOR ARM.
  - ✓ C and D markets are not permitted.
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