

# Underwriting Guidelines

Effective November 15, 2010

**RADIAN**

# Revision notes

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## Revisions for November 15, 2010

- Section 1.1 B Mortgage Insurance Commitment  
Determination of the percentage of mortgage insurance coverage issued.
- Section 1.3 B Delegated Underwriting Authority, and  
Section 2.2 G Mortgage Insurance Application Submission Restrictions  
Non-agency Jumbo loans are ineligible for non-delegated submission.
- Section 2.3 A Standard or Alternative Documentation  
AUS Streamline documentation option is limited to loans which comply with agency loan limits.  
Non-agency Jumbo loans are excluded.
- Section 2.3 B Agency AUS  
Removes the requirement that Agency High Balance loan submissions include an Agency AUS.
- Section 2.6 Maximum Loan Amount  
Non-agency Jumbo loan limits and definition.
- Section 2.8 A Maximum Loan Term  
Limits 97% LTV and Non-agency Jumbo to a maximum 30 year amortization.
- Section 2.8 B Adjustable Rate Mortgage (ARM) (1) Initial fixed term 5 years or greater  
Identifies 97% LTV eligible for Prime.
- Section 2.8 B.2 Adjustable Rate Mortgages – Initial fixed term of less than 5 years; and  
Section 2.8 C Interest Only; and  
Section 2.8 D Balloon Term  
97% LTV and Non-agency Jumbo are ineligible.
- Section 2.10 C.1 and C.2 Ineligible Features – Non-traditional credit and Non-prime credit  
97% LTV and Non-agency Jumbo are ineligible.
- Section 4.3 Non-traditional credit  
Limited to a maximum 95% LTV.
- Section 6.1 Borrower's Own Funds  
Identifies minimum borrower contribution requirement for 97% LTV and Non-agency Jumbo.
- Section 7.5 A Interested Party Contributions – Financing Concessions  
Identifies eligibility up to a maximum 97% LTV.
- Section 8.3 Manufactured Housing  
Removes the requirement that Manufactured Housing be a minimum of 1000 SF of GLA.
- Section 8.4 Assessment of Property Value and Condition  
Identifies field review eligibility and requirements.

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# Introduction

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Radian has broadened our underwriting guidelines to more closely align our credit eligibility and policy with Fannie Mae and Freddie Mac guidelines; as well as increase the number of topics and details addressed. This expansion of our credit policy is intended to provide clearer direction on our eligibility requirements and assist your underwriting efforts.

These revised guidelines feature two sections:

1. **Quick reference eligibility matrix for Platinum and Standard guidelines.**
2. **A comprehensive view of Radian’s credit policy separated into chapters and identified by subject matter. Guidelines specific to Radian’s Platinum Program are clearly indicated.**

**Bookmarks** displayed on the left side of the Adobe Acrobat Reader® screen can be easily used to navigate through the various sections of the guidelines. All eligibility matrix(s) and topics can be accessed by simply expanding and clicking on the bookmark of the section, chapter or subject matter you wish to review.

Throughout the new guidelines, **hyperlinks** are provided to take you to another area within the guidelines where you can find additional information on a particular topic. If you click a hyperlink, you may *return to your previous place* by pressing down the alt (Microsoft) or command (Macintosh) key and the back arrow key at the same time on your keyboard.

Should you have any questions about Radian’s underwriting guidelines, please contact our Customer Care team at 877.RADIANI (723.4261) or your Radian representative.

# Section I – Eligibility Matrices

# Platinum Primary

## Platinum Program Primary Residence; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/ Attached	95	\$417,000; AK & HI \$625,500	680	41		Credit score < 720 in AZ, CA, FL, NV;  LTV > 90% in Guam
					720	45	Interest Only >41 DTI	
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	95	\$417,000; AK & HI \$625,500	680	41		
					720	45	Interest Only >41 DTI	
	Condominium	Attached	95	\$417,000; AK & HI \$625,500	680	41	GSE Non-warrantable; Delegated submission for properties in FL	
					720	45	Interest Only >41 DTI; GSE Non-warrantable; Delegated submission for properties in FL	
		Detached	95	\$417,000; AK & HI \$625,500	680	41	GSE Non-warrantable	
					720	45	Interest Only >41 DTI; GSE Non-warrantable	
		Attached	95	\$417,000; AK & HI \$625,500	680	41	Non-Retail originations; Properties located in NV, Guam or Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	
					720	45	Interest Only >41 DTI; Properties located in NV, Guam or Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	
	2 Unit		95	\$533,850 AK; HI \$800,775	680	38	Interest Only; Non-traditional credit	
	Co-operative		90	\$417,000; AK & HI \$625,500	680	41	Non-Retail originations; Interest Only; Non-traditional credit;	
					720	45	Properties in NV or Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	
	Manufactured Housing		90	\$417,000; AK & HI \$625,500	680	41	Non-retail originations; Interest Only; Non-traditional credit	

# Platinum Primary

## Platinum Program Primary Residence; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
<a href="#">Cash-Out Refinance</a>	Single Family	Detached/ Attached	85	\$417,000; AK & HI \$625,500	720	41		Non-Retail originations;
	Planned Unit Development (PUD)	Detached	85	\$417,000; AK & HI \$625,500	720	41		Properties located in AZ, CA, FL, MI, NV or Guam;
		Attached	85	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable	Interest Only; Non-traditional credit;
	Condominium	Detached	85	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable	Non-occupant Co-Borrower; Non-permanent resident alien; ARMS with initial fixed term < 5 years; Temporary Buy downs
		Attached	<b>Not Eligible</b>					
	2 Unit	<b>Not Eligible</b>						
	Co-operative	<b>Not Eligible</b>						
Manufactured Housing	<b>Not Eligible</b>							

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# Platinum Primary

## Platinum Program Primary Residence; 97% LTV; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/ Attached	97	\$417,000; AK & HI \$625,500	720	41		Interest Only;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	97	\$417,000; AK & HI \$625,500	720	41		Amortization term > 30 years;
		Attached	97	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable; Delegated submission for properties in FL	ARMS with initial fixed term < 5 years;
	Condominium	Detached	97	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable	Temporary Buy downs; Balloon Mortgages; Non-traditional credit
	Condominium Attached		<b>Not Eligible</b>					
	2 Unit							
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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# Platinum Second Home

## Platinum Program Second Home; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/ Attached	90	\$417,000; AK & HI \$625,500	720	45		Properties in Florida or Guam;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	90	\$417,000; AK & HI \$625,500	720	45		Interest Only;
		Attached	90	\$417,000; AK & HI \$625,500	720	45	GSE Non-warrantable	Non-traditional credit;
	Condominium	Detached	90	\$417,000; AK & HI \$625,500	720	45	GSE Non-warrantable	Non-occupant Co-Borrower;
		Attached	90	\$417,000; AK & HI \$625,500	720	45	Non-Retail originations; Properties located in NV; GSE Non-warrantable	Non-permanent resident alien
	2 Unit		<b>Not Eligible</b>					
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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# Platinum High Balance

## Platinum Program Primary Residence; High Balance; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/ Attached	90	FHFA limit up to \$729,750	720	45	Interest Only >41 DTI	Credit score < 720 in AZ, CA, FL, NV;  Non-traditional credit;  Non-permanent resident alien;  Properties located in Guam
			85		700	41		
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	90	FHFA limit up to \$729,750	720	45	Interest Only >41 DTI	
			85		700	41		
	Planned Unit Development (PUD)	Attached	90	FHFA limit up to \$729,750	720	45	Interest Only >41 DTI; GSE Non-warrantable; Delegated submission for properties in FL	
			85		700	41	GSE Non-warrantable; Delegated submission for properties in FL	
	Condominium	Detached	90	FHFA limit up to \$729,750	720	45	Interest Only >41 DTI; GSE Non-warrantable	
			85		700	41	GSE Non-warrantable; Delegated submission for properties in FL	
	Condominium	Attached	90	FHFA limit up to \$729,750	720	45	Interest Only >41 DTI; Properties in NV or Miami-Dade; and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	
	2 Unit		<b>Not Eligible</b>					
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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# Platinum Non-Agency Jumbo

## Platinum Program Primary Residence; Non-Agency Jumbo; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/ Attached	90	Conforming /FHFA limit + \$250,000 up to a maximum of \$979,750	760	45		Non-delegated submission;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	90	Conforming /FHFA limit + \$250,000 up to a maximum of \$979,750	760	45		GSE AUS Streamline Documentation Option;
		Attached	90	Conforming /FHFA limit + \$250,000 up to a maximum of \$979,750	760	45	GSE Non-warrantable	Interest Only;
	Condominium	Detached	90	Conforming /FHFA limit + \$250,000 up to a maximum of \$979,750	760	45	GSE Non-warrantable	Amortization term > 30 years;
		Attached	90	Conforming /FHFA limit + \$250,000 up to a maximum of \$979,750	760	45	Properties in NV or Miami-Dade and Broward County FL; GSE Non-warrantable	ARMS with initial fixed term < 5 years;
	2 Unit		<b>Not Eligible</b>					
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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# Platinum Non-Prime

## Platinum Program Primary Residence; Non-Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/ Attached	95	\$417,000; AK & HI \$625,500	680	41		Credit score < 720 in AZ, CA, FL, NV;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	95	\$417,000; AK & HI \$625,500	680	41		GSE AUS Streamline Documentation Option;
		Attached	95	\$417,000; AK & HI \$625,500	680	41	GSE Non-warrantable; Delegated submission for properties in FL	Interest Only;
	Condominium	Detached	95	\$417,000; AK & HI \$625,500	680	41	GSE Non-warrantable	ARMS with initial fixed term < 5 years;
		Attached	95	\$417,000; AK & HI \$625,500	680	41	Non-Retail originations; Properties located in NV or Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	Non-traditional credit; Non-occupant Co-Borrower; Properties in Guam
	2 Unit		<b>Not Eligible</b>					
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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# Standard

## Standard Program; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/Attached	95	\$417,000; AK & HI \$625,500	720	41		Second Homes;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	95	\$417,000; AK & HI \$625,500	720	41		Interest Only;
		Attached	95	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable; Delegated submission for properties in FL	Non-traditional credit;
	Condominium	Detached	95	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable	Non-occupant Co-Borrower;
		Attached	95	\$417,000; AK & HI \$625,500	720	41	Non-Retail originations; Properties in NV, Guam or Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	LTV >90% in Guam

## Standard Program; Prime and Non-Prime Credit

Purpose	Property Type	Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	2 Unit						
Rate/Term Refinance	Co-operative					<b>Not Eligible</b>	
	Manufactured Housing						
Purpose	Property Type	Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types					<b>Not Eligible</b>	

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# Standard High Balance

## Standard Program; High Balance; Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/Attached	90	FHFA limit up to \$729,750	720	41		Second Homes;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	90	FHFA limit up to \$729,750	720	41		Interest Only;
		Attached	90	FHFA limit up to \$729,750	720	41	GSE Non-warrantable; Delegated submission for properties in FL	Non-traditional credit;
	Condominium	Detached	90	FHFA limit up to \$729,750	720	41	GSE Non-warrantable	Non-occupant Co-Borrower;
		Attached	90	FHFA limit up to \$729,750	720	41	Properties in NV, Guam or Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	Non-permanent resident alien; Properties located in Guam
	2 Unit		<b>Not Eligible</b>					
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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# Standard Non-Prime

## Standard Program; Non-Prime Credit

Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Purchase	Single Family	Detached/Attached	90	\$417,000; AK & HI \$625,500	720	41		Second Homes;
Rate/Term Refinance	Planned Unit Development (PUD)	Detached	90	\$417,000; AK & HI \$625,500	720	41		GSE AUS Streamline Documentation Option;
		Attached	90	\$417,000; AK & HI \$625,500	720	41	Delegated submission for properties in FL; GSE Non-warrantable	Interest Only;
	Condominium	Detached	90	\$417,000; AK & HI \$625,500	720	41	GSE Non-warrantable	ARMS with initial fixed term < 5 years;
		Attached	90	\$417,000; AK & HI \$625,500	720	41	Non-Retail originations; Properties in NV, Miami-Dade and Broward County FL; GSE Non-warrantable; Delegated submission for properties in FL	Non-traditional credit; Non-occupant Co-Borrower; Properties in Guam
	2 Unit		<b>Not Eligible</b>					
	Co-operative							
	Manufactured Housing							
Purpose	Property Type		Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt To Income Ratio	Exclusions Specific	Exclusions All
Cash-Out Refinance	All Property Types		<b>Not Eligible</b>					

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## **Section II – Policy Chapters**



# 1 Commitment and Underwriting Eligibility

## 1.1 Mortgage Insurance Commitment

### A. Term

- Mortgage insurance commitments are issued by Radian with a commitment term of 120 days.
- Commitment expiration dates cannot be extended.

### B. Coverage

- The percentage of mortgage insurance coverage issued is subject to published pricing and based upon lender request, with the exception of Non-Agency Jumbo loans.
- The percentage of mortgage insurance coverage issued specific to Non-agency Jumbo loans is limited to the agency charter minimum as follows:

Term	85% LTV	90% LTV
≤ 30 years	6% coverage	12% coverage

### C. Activation

The loan must close and the coverage be activated with Radian (i.e., loans must be certified) before the commitment expires. This can be accomplished in one of two ways:

- (1) Radian's receipt of the initial premium due along with the reported date on which the loan closed.
- (2) When the deferred premium payment option is chosen, report the date to Radian on which the loan closed.

### D. Post-Commitment Data Changes

- A loan must re-qualify for a mortgage insurance commitment if any information changes prior to the loan closing which impacts the loan's qualification for mortgage insurance or the terms under which the commitment was issued.
- Subsequent qualification is based on current published guidelines at the time of re-qualification. It is not based on the guidelines published at the time of the original mortgage insurance application or commitment.
- A mortgage insurance commitment shall be rendered null and void if changes to the loan information result in a loan that no longer meets Radian's eligibility guidelines.

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## 1.2 Maximum Mortgage Insurance Risk Exposure to One Borrower

### **Radian will insure the lesser of:**

- \$300,000 aggregate insured risk exposure, or
- Two (2) insured loans, only one of which may be a primary residence.

A borrower purchasing a new primary residence while retaining a current Radian insured primary residence is eligible once the current primary residence has been occupied by the borrower for a minimum of twenty four months.

Risk exposure is calculated by using the original loan amount multiplied by the percentage of MI coverage.

**For example, a \$100,000 mortgage with 25% coverage equals \$25,000 mortgage insurance risk exposure.**

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## 1.3 Delegated Underwriting Authority

### **Lenders who have been granted delegated underwriting authority through the receipt of a Radian issued Delegated Underwriting Authority Endorsement**

#### **A. Are Expected to:**

- Use their delegated underwriting authority.
- Employ prudent judgment when exercising their delegated authority.
- Underwrite all loans prior to ordering mortgage insurance.

#### **B. May:**

- Submit loans to a Radian Service Center for non-delegated underwriting on an exception basis. **Non-agency Jumbo loans are ineligible for non-delegated submission.**
- Upon request, be required to provide additional documentation in support of the mortgage insurance decision.

#### **C. Are prohibited from:**

- Exercising their delegated authority on:
  - A loan which has been submitted to and underwritten by a Radian Service Center.
  - Loans on attached condominiums, attached PUDs and cooperatives in the state of Florida.
  - Loans for a borrower with non-traditional credit.
  - Property Flip transactions (Property recently purchased by the seller and re-sold within 91-180 days.)

[Link to Transaction Eligibility – Property Flips](#)

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**D. Guidelines**

**Loan matters which are not specifically addressed within Radian's published guidelines default to:**

- Standard Fannie Mae guidelines if the submission contains DU Underwriting Findings.
- Standard Freddie Mac guidelines if the submission contains LP Underwriting Findings.
- The more restrictive of Fannie Mae/ Freddie Mac guidelines if the lender did not submit the loan to an agency AUS in order to obtain an underwriting recommendation.

**E. Commitments**

**Delegated commitments may be obtained by:**

- Ordering through Radian's MI Online, data transmission system.  
The use of Radian's MI Online system:
  - Does not relieve the lender of any representations/warranties associated with their Radian delegated underwriting authority.
  - Requires the lender adhere to Radian's published guidelines.
- EDI Transmission
- Submitting to a Radian Service Center:
  - A completed, signed 1008 with the FICO-based credit score clearly noted.
  - A completed Radian Mortgage Insurance Application identifying the submitting lender, coverage requested and AUS response, if applicable.

## 2 Mortgage Eligibility

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### Mortgage Insurance Application

Radian accepts mortgage insurance applications, in accordance with published guidelines on first lien mortgages securing 1–2 unit properties with full documentation for both prime and non-prime credit.

#### 2.1 Guideline Programs

##### A. Standard

Mortgage insurance eligibility guidelines afforded to all Master Policy holders.

##### B. Platinum

Enhanced mortgage insurance eligibility guidelines for those clients meeting specific qualifying criteria. Platinum enhancements are identified within the guidelines as eligible for Platinum Program only and apply only to Master Policy holders who have been granted Platinum designation.

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#### 2.2 Mortgage Insurance Application Submission

##### A. Date

Applications must be submitted in compliance with these date restrictions:

- Borrower-Paid Mortgage Insurance (BPMI) prior to loan closing/funding date.
- Lender-Paid Mortgage Insurance (LPMI) prior to the first payment due date.

##### B. Underwriting Type

Mortgage Insurance applications may be submitted:

###### (1) Non-delegated

- Submit to a Radian Service Center or Radian on-site contract underwriter.
- Loan files, including third party originations, are to be underwritten and approved by the submitting lender for investor compliance prior to submission for mortgage insurance.
- Lenders who have executed an Underwriting Review Agreement with Radian may submit loan files for compliance underwriting in addition to mortgage insurance eligibility.

###### (2) Delegated

- Requires a Radian Delegated Underwriting Authority Endorsement to the submitter's Master Policy.

[Commitment and Underwriting Eligibility - Delegated Authority](#)

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### **C. Non-delegated Loan Package**

Radian will accept the following types of loan packages for non-delegated mortgage insurance underwriting:

#### **(1) Complete Loan Package**

*A property has been selected by the borrower. Both the sales contract and appraisal are provided along with all required credit documents.*

- *Underwriting approval of a **Complete** loan package application will result in the issuance of a mortgage insurance commitment.*

#### **(2) Credit Only Loan Package**

*A property has been selected by the borrower. Either the sales contract and/or appraisal are not provided.*

- *Underwriting review of a **Credit Only** loan package application will result in a suspended mortgage insurance application subject to a satisfactory sales contract and/or appraisal.*

#### **(3) Pre-qualification Loan Package**

*A property has not been selected by the borrower. Therefore the sales contract and appraisal are not provided.*

- *Underwriting review of a **Pre-qualification** loan package application will result in a suspended mortgage insurance application subject to satisfactory transaction and loan terms, sales contract and appraisal.*

### **D. Loan Package Minimum Documentation Requirements**

For all three types of Loan Packages, the following minimum documentation is required in order to render a decision on the application:

- Mortgage Insurance Application
- Submitting lender's underwriting approval
- Complete 1003 signed by interviewer
- AUS findings, if applicable
- Credit report including supplemental credit verifications
- Verification of employment and income
- IRS Transcripts, if obtained by submitting lender during the underwriting process
- Verification of assets
- Sales contract (required in a complete loan package)
- Appraisal (required in a complete loan package)

### **E. Property Identification**

#### **(1) Complete Loan Package**

Mortgage insurance applications must include the subject property address, complete legal description, and appraised value.

When the property is proposed or under construction, ordering the MI commitment with a lot number or subdivision name is acceptable as long as the subject property's house number and street address are provided at the time certification is requested.

**(2) Credit Only Loan Package**

Although Radian does not require the sales contract and/or property appraisal to be in the file at the time the MI commitment is ordered; the lender is required to advise Radian of any change in the transaction terms or final appraised value.

**(3) Pre-qualification Loan Package**

In the event a mortgage insurance application is submitted before a property has been selected, the property address is to be identified as Radian’s corporate address:

1601 Market Street  
Philadelphia, PA 19103

**F. Age of Documents**

All documentation supporting the mortgage insurance application may not be more than 120 days old on the date note is signed with the exception of limited appraisal recertification options.

[Link to Property Eligibility – Appraisals](#)

**G. Submission Restrictions**

**(1) Non-Delegated**

Mortgage loans with the following features require a Non-delegated submission:

- Property Flip transaction (property recently purchased by the seller and re-sold within 91–180 days).  
[Link to Transaction eligibility – Flip properties](#)
- Attached condominium and attached PUDs and cooperatives in the state of Florida.
- Borrowers with a non-traditional credit history.

**(2) Delegated**

Mortgage loans with the following feature requires a delegated submission:

- Non-agency Jumbo

---

## 2.3 Documentation

**Radian insures Full Documentation loans only.**

**A. Standard or Alternative Documentation**

Radian requires income, employment and asset documentation defined as Standard or Alternative by Fannie Mae/ Freddie Mac.

- **Fannie Mae/ Freddie Mac (Agency) AUS Streamlined Documentation Option**

Radian accepts income, employment and asset documentation as stipulated in the individual AUS Findings report for loans **which comply with Agency loan limits and are originated as full documentation loans**. This is permitted in lieu of Standard or Alternative Documentation as defined above, subject to the following:

- Prime Credit Only

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- Lender has verified the accuracy of the data submitted to the Agency AUS system which resulted in the Underwriting Recommendation.
- AUS Underwriting Recommendation identifies the loan as DU Approve/ Eligible or LP Accept/ Eligible.
- The AUS Findings report is not specific to a DU Refi Plus or LP Open Access Refinance.
- **Non-agency Jumbo loans are excluded.**

[Click here for guidelines specific to Radian insured transactions refinanced under HARP/HAMP](#)

**B. Agency AUS – Desktop Underwriter (DU) / Loan Prospector (LP)**

*All loans, regardless of the Agency AUS issued Underwriting Recommendation, must meet applicable Radian guidelines.*

Radian does not require the use of an Agency AUS when a loan is submitted for mortgage insurance.

- However if the lender submits the loan to an Agency AUS and receives an Underwriting Recommendation, the most recent Findings/ Feedback Report is to be included/retained in the MI submission file regardless of the recommendation.
  - Mortgage insurance eligibility is not met based solely on the Underwriting Recommendation issued by an Agency AUS.

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## 2.4 Origination Type

**Radian distinguishes between the retail and non-retail origination of a mortgage loan. For certain property types and transactions, non-retail originations are ineligible.**

**A. Retail Origination**

A loan is defined as a retail origination when the Submitting lender, Originating lender and Insured lender are the same.

**(1) Originating lender**

Interviews the borrower, completes and processes the loan application. The retail originating lender must have a Radian Master Policy but is not required to have a delegated underwriting authority endorsement.

**(2) Submitting lender:**

Reviews the loan for mortgage insurance eligibility and requests the mortgage insurance coverage directly from Radian.

**(3) Insured lender**

Identified as the insured on the Radian issued mortgage insurance commitment and completes the funding and closing of the mortgage loan.

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A retail originated loan may utilize fee based arms length services of a Mortgage Service Provider as long as:

- The Mortgage Service Provider does not take the loan application.
- The fees paid to the Mortgage Service Provider are not contingent on mortgage approval or loan closing.

**B. Non-retail Origination**

Loans that do not meet the definition of a retail origination as noted above, are considered a non-retail origination for mortgage insurance eligibility purposes.

The following property types and transactions are not eligible for loans defined as non-retail originations:

**(1) Property Type**

- Cooperatives
- Manufactured homes
- Attached Condominiums insured under Standard Program Eligibility
- Attached Condominiums insured under Platinum Program Eligibility with the following characteristics:
  - Representative credit score less than 720
  - Second home
  - Non-Prime Credit

**(2) Transactions**

Cash-Out Refinance

**2.5 Credit Quality Classification**

Radian insures:

- Prime Credit (“Industry A”) [Link to Eligibility Matrices](#)
- Non-Prime Credit (“Industry A Minus”) [Link to Eligibility Matrices](#)

**2.6 Maximum Loan Amount**

Standard Agency Conforming Loan Limits	
Maximum Loan Amount	\$417,000 One Unit
	\$625,500 One Unit Alaska and Hawaii
	\$533,850 Two Unit
	\$800,775 Two Unit Alaska and Hawaii

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**Radian  
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<b>Agency High Balance Loan Limits</b>	
<b>Maximum Loan Amount</b>	Up to \$729,750 One Unit

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Eligibility under Agency High Balance is restricted to FHFA designated high cost areas in compliance with Fannie Mae and Freddie Mac eligibility as qualified under the temporary increase in conforming loan limits in high-cost areas, as defined by the US Department of Housing and Urban Development (HUD), and granted to Fannie Mae and Freddie Mac under the Economic Stimulus Act of 2008 and the American Recovery and Reinvestment Act of 2009.

Radian's High Balance loan limits will always match agency High Balance limits, up to \$729,750.

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<b>Non-Agency Jumbo Loan Limits</b>	
<b>Maximum Loan Amount</b>	Agency Conforming or Agency High Balance Loan Limit (maximum \$729,750) + \$250,000. Up to a maximum of \$979,750.

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The maximum loan amount eligible for insurance under the Non-Agency Jumbo loan program is limited to \$250,000 over the maximum eligible agency loan limit. For most areas of the country this will be limited to the Standard Agency Conforming loan limit + \$250,000. However in FHFA designated high cost areas, loan amounts up to the Agency High Balance loan limit (maximum \$729,750) + \$250,000 are eligible.

Please refer to the FHFA website to identify designated high cost areas  
<http://www.fhfa.gov/Default.aspx?Page=185>

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## **2.7 Loan-to-Value (LTV) Ratio**

**The LTV ratio is defined as the loan amount before any financed mortgage insurance premium is added, divided by the property value.**

The property value is defined as the lesser of:

- The current sales price, net of any sales concessions or incentives to purchase OR
- Current appraised value

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<b>LTV = CLTV = HCLTV not to exceed maximum eligible LTV for program or transaction type</b>	
<b>Combined Loan-to Value (CLTV) =</b>	Loan amount of the first mortgage + The unpaid balance of any closed end subordinate financing divided by the property value
<b>Home Equity Combined Loan-to Value (HCLTV) =</b>	Loan amount of the first mortgage + The balance of any closed end subordinate financing + The undrawn amount of the credit line available on a HELOC divided by the property value

**A. Combined Loan-to-Value (CLTV and HCLTV)/ Subordinate Financing**

The CLTV and HCLTV may never exceed the maximum eligible LTV for the program or transaction type.

• **Purchase and Cash-Out Refinance transactions**

- Radian does not insure purchase or cash-out refinance transactions with simultaneous subordinate mortgage liens or secondary financing.
- Radian does allow a borrower to receive grant funds in certain cases which may result in a lien on the property.

[Link to Asset Eligibility – Grant Funds](#)

• **Rate/Term Refinance transactions**

- Radian will permit the subordination of an existing subordinate mortgage lien subject to LTV/CLTV/HCLTV limitations.
- New subordinate mortgage liens/secondary financing simultaneous with the closing of the first mortgage refinance transaction are not permitted.

**B. Financed Mortgage Insurance**

*The borrower may finance any portion of a borrower paid up-front mortgage insurance premium not to exceed a Gross LTV Ratio of 100%.*

• **Gross LTV Ratio**

- The loan amount which includes any portion of the mortgage insurance premium to be financed by the borrower, divided by the property value.
- Not to exceed 100% loan-to-value (LTV) ratio.

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**2.8 Loan Terms**

**A. Maximum Loan Term**

- Forty (40) year amortization.
- Loans with an amortization period and/or a Note term greater than 40 years up to 50 years are eligible, subject to the following conditions:
  - Property is limited to 1 unit, primary residence only.
  - Manufactured homes are ineligible.
  - Loan amount is limited to Standard Agency Conforming loan limits.
  - High balance loans are ineligible.

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- The following programs are limited to a thirty 30 year amortization:
  - 97% LTV
  - Non-agency Jumbo

**B. Adjustable Rate Mortgage (ARM)**

**(1) Initial fixed term 5 years or greater**

- Qualify at start rate.
- Eligible for Prime (97% LTV) and Non-Prime (95% LTV).

**(2) Initial fixed term of less than 5 years**

- Qualify using the higher of the Note Rate or the Fully Indexed Accrual Rate (margin plus index value), also referred to as FIAR.
- Eligible for Prime only (95% LTV).
- Purchase or Rate/Term Refinance only.
- 97% LTV and Non-agency Jumbo are ineligible.

**(3) Maximum Interest Rate Caps**

ARM Product	Initial Cap	Periodic Cap	Lifetime Cap
1-2 year	2%	2%	6%
3 year	3%	2%	6%
>= 5 year	5%	2%	6%

**C. Interest Only**

- Platinum Program Only.
- Qualify with a fully amortizing principal and interest payment.
- Minimum/Maximum Interest Only eligible terms as follows:

All States other than New York		New York <i>Must be exact Interest Only Term based on Loan Term</i>	
Minimum Interest Only Term	Maximum Interest Only Term	Loan Term	Interest Only Term
10 years	15 years	15 years	5 years
		20 years	7 years
		25 years	8 years
		30 years	10 years
		40 years	11 years

• **Ineligible for Interest Only**

- 97% LTV
- Non-agency Jumbo
- Cash-Out Refinance transactions
- Cooperatives and Manufactured housing
- 2 Unit
- Non-Prime
- Second Homes
- Temporary buy downs
- DTI > 41%

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**D. Balloon Term**

- The minimum balloon term is five years.
- **97% LTV and Non-agency Jumbo are ineligible on loans with a Balloon feature.**

**E. Temporary Buy downs**

- Maximum 3-2-1 buy down.
- Primary residence and Second home are eligible.
  - Purchase and Rate/Term Refinance transactions only.
- Fixed Rate:
  - Qualify at the note rate.
  - Eligible for Prime and Non-prime (95% LTV).
- ARMs with an initial fixed term 5 years or greater:
  - Qualify at the Start Rate.
  - Eligible for Prime and Non-prime (95% LTV).
- ARMs with an initial fixed term of less than 5 years:
  - Qualify using the higher of the Note Rate or the Fully Indexed Accrual Rate (margin plus index value), also referred to as FIAR.
  - Eligible for Prime only (95% LTV).

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## 2.9 Restrictions

**Loan matters which are not specifically addressed within Radian's published guidelines default to:**

- Standard Fannie Mae guidelines if the submission contains DU Underwriting Findings.
- Standard Freddie Mac guidelines if the submission contains LP Underwriting Findings.
- The more restrictive of Fannie Mae/ Freddie Mac guidelines if neither Agency AUS is used by the lender to obtain Findings/Feedback Report.

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## 2.10 Ineligible Features

**Radian will not insure mortgage loans with any of the following features specific to:**

**A. Documentation**

**(1) Loan applications originated as anything other than a full documentation loan**

- Alt A
- Limited income, employment or asset documentation
- No Doc
- Stated Income and/or Stated Assets

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**(2) Reduced Appraisal documentation**

- Automated Valuation Model (AVM)
- Drive by appraisal
- Exterior only appraisal
- Property Inspection Waiver (PIW)

**B. Occupancy Status**

Investment Properties

**C. Credit**

**(1) Non-traditional**

- 97% LTV
- Non-agency Jumbo
- High balance
- Interest Only
- Cash-out Refinance
- Second home
- Non-Prime
- 2 Unit
- Cooperatives
- Manufactured housing
- Lenders submitting under Standard Guidelines

**(2) Non-prime (A Minus)**

- 97% LTV
- Non-agency Jumbo
- Cash-Out Refinance
- High balance
- Interest Only
- Non-traditional credit
- 2 Unit properties
- Cooperatives
- Manufactured housing

**D. Property Type**

- 3 to 4-unit properties
- Property types not meeting Fannie Mae or Freddie Mac eligibility

**E. Transaction Type**

- Property Flip (property acquired by the current seller within the past ninety [90] days)  
[Link to Transaction eligibility - Flip properties](#)
- Interim Construction loans
- Interim Renovation loans
- Reverse mortgages
- Second mortgage loans
- Streamline refinances
- Wraparound mortgages

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- Blanket mortgages
- Government insured mortgage loans (FHA, VA, Rural Housing)
- Programs and transactions for which Radian offers no published rates

**F. Loan Features**

- Graduated payment mortgages
- Negative amortization, potential or scheduled

**G. Geography**

**Properties located in:**

- Puerto Rico
- U.S. Virgin Islands

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## 3 Borrower Eligibility

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**A. Radian provides mortgage insurance on loans to:**

- Individuals.
- Inter vivos revocable trusts that meet standard Fannie Mae/ Freddie Mac requirements.

**B. The lender must validate the identity of the borrower.**

**C. All borrowers must have:**

- A valid social security number.
- Reached the age at which a mortgage note is legally enforceable.

**D. The borrower must be:**

- Subject to all United States laws and regulations.

**E. The borrower may be a:**

- U.S. Citizen.
- Permanent resident alien.
- Non-permanent resident alien who is legally present in the United States.
  - Applications which include a non-permanent resident alien borrower are restricted as follows:
    - Primary residence, one unit
    - Purchase or Rate/Term Refinance transactions only
    - Maximum loan amount of \$417,000; \$625,500 in AK and HI
    - Minimum two years of credit and employment history in the United States

**F. Exclusions:**

- Borrowers with an Individual Tax Identification Number (ITIN) in lieu of a Social Security number.
- Borrowers with diplomatic immunity.
- Radian reserves the right to deny issuing a commitment on a loan to a borrower with a prior claim paid by Radian.

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### 3.1 Occupancy Status

Radian provides mortgage insurance on loans to borrowers occupying the subject property as their primary residence or second home.

### **A. Primary Residence**

Radian identifies the occupancy of a property as a primary residence when:

- For purchase and construction conversion transactions, the borrower states an intention to occupy the property as a primary residence, and will occupy the property not later than (60) days from the date the loan is closed.

[Link to Construction Conversion](#)

- For existing property refinance transactions, the borrower occupies the property as a primary residence at the time of loan application.
- It is occupied by the borrower for the majority of the year.
- It is located within a reasonable distance from the borrower's place of employment.

*Note: In the event the borrower is military personnel stationed overseas, all the above occupancy requirements may be met by the borrower's immediate family member(s) when no other real estate is owned by the borrower or occupying family member(s).*

- It is the borrower's address of legal record.
- The property characteristics are adequate to accommodate the borrower's immediate dependent family.
- In addition Radian will insure loans to borrowers as their primary residence when the subject property is owned or purchased by the borrower to accommodate their:
  - Elderly parents, who do not have adequate income or financial resources to qualify for a mortgage on their own.
  - Physically handicapped or developmentally disabled child.

*Note: The elderly parent or handicapped/disabled child's inability to qualify for a mortgage must be addressed in the loan file.*

### **B. Second home**

Radian will insure loans to borrowers occupying the subject property as a second home subject to the following restrictions:

- Platinum Program only.
- Occupied by the borrower for some portion of the year.
- The property is:
  - Located in an area that is accessible yet remote enough from the borrower's primary residence to function reasonably as a second home.
  - Suitable for year-round occupancy.
  - Available for the borrower's exclusive use and controlled solely by the borrower.
  - Not under a shared ownership, revenue sharing or rental agreement.
- Shelter purchased or owned in lieu of dormitory or rental housing for a borrower's family member while he/she attends college or training, also referred to as a "kiddie condo," is not eligible for mortgage insurance as a second home.



**C. Investment Property**

Radian does not insure loans on investment properties.

**D. Non-occupant Co-Borrowers**

Radian will insure loans with non-occupant co-borrowers subject to the following restrictions:

- Prime credit only.
- Platinum Program only.
- Primary residence, one unit only.
- Purchase or Rate/Term Refinance transactions only.
- Non-occupant co-borrower may not have an interest in the property sales transaction.
- Occupying borrower's Debt To Income (DTI) ratio is not to exceed the published maximum DTI for the applicable LTV/ transaction type.
- Occupying borrower must have minimum equity/ cash down payment of five percent (5%) from their own funds.

[Link to Credit Considerations](#)

## 4 Credit Eligibility

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Radian evaluates the credit eligibility of a borrower in consideration of:

- The extent and depth of a borrower’s credit history.
- The borrower’s demonstrated ability and willingness to pay credit obligations as agreed.
- The borrower’s current credit exposure and profile.

Therefore, in addition to credit scores, Radian requires an established minimum credit history with complete and accurate identification of the borrower’s prior and current credit obligations.

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### Credit Eligibility Requirements

**Each borrower on the loan application must meet all three (3) of the following traditional credit eligibility requirements:**

- 1) Minimum representative FICO-based credit score.**
- 2) Three trade lines which have been active and evaluated for a minimum of twelve months.**
- 3) A satisfactory payment history of all reported and/or supplied credit references.**

- 
- 1) Minimum representative FICO-based credit score as required per the eligibility matrix.**  
The minimum representative credit score is based on the lowest representative credit score of all borrowers. A minimum of two credit scores from two credit repositories per borrower is required to establish the representative credit score and this score is determined as follows:

- If two scores are provided, the lower score will be used.
- If three scores are provided and two are identical, the identical score will be used.
- If three scores are provided, the middle score will be used.

“Rescoring” of the borrower’s credit score to meet eligibility requirements is not permitted unless the borrower’s credit report contained inaccurate and/or incomplete information at the time of application. All credit reports obtained for the borrower with identified credit scores must be provided.

- 2) A minimum of three trade lines which have been active and evaluated for a minimum of twelve months.**
  - A trade line is defined as a housing, installment or revolving account listed on a credit report that is the responsibility of the borrower.
    - Authorized user accounts are not eligible unless the borrower can evidence they have made all required payments for the past twelve (12) months.

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- An active and evaluated trade line requires that payments were made on an account to satisfy an amount owed by the borrower with the payment history reported by the creditor to a credit repository.
  - It is not required the account(s) be currently open. However if the borrower’s credit history consists of only dated, closed accounts, sufficient data may not exist to establish an acceptable current credit profile.

**3) A satisfactory payment history defined as follows:**

<b>Type of Account</b>	<b>Prime</b>	<b>Non-Prime</b>
<b>Mortgage or Rental History Including HELOC(s) and subordinate financing</b>	0 x 30 in the past 12 months. Must be current at the time of loan application and closing.	Maximum 2 x 30 in the past 12 months. Must be current at the time of loan application and closing.
<b>Foreclosure Deed in Lieu of Foreclosure Short sale</b>	Minimum 60 months since the date of foreclosure, deed-in-lieu of foreclosure or <i>short sale</i> occurred and <i>re-established satisfactory credit</i> .	Minimum 36 months since the date of foreclosure, deed-in-lieu of foreclosure or <i>short sale</i> occurred and <i>re-established satisfactory credit</i> .
<b>Bankruptcy</b>	Minimum 48 months since the discharge/dismissal date, with satisfactory credit established.	Minimum 36 months since the discharge/dismissal date, with satisfactory credit established.
<b>Judgments, Tax Liens</b>	Any judgment or lien which may impact title must be satisfied.	Any judgment or lien which may impact title must be satisfied.

*A short sale* is considered to be any principal forgiveness, used to facilitate a purchase, refinance or modification, received by the borrower effectively reducing the amount owed.

*Re-established satisfactory credit* requires all of the following after the date of the bankruptcy discharge/dismissal or completion date of the foreclosure, deed-in-lieu of foreclosure or short sale:

- All accounts are current
- A housing related reference that covers a twenty four month period reflecting all payments paid as agreed and current.
- Three credit references, in addition to a housing reference, which are current and have been open and active within the most recent twenty-four (24) month period reflecting no more than 2 x 30; 0 x 60.
- No other derogatory credit such as judgments, collections, liens etc.

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**4.1 Considerations Outside of Standard Credit Eligibility**

**For primary residence purchase and limited cash-out refinance transactions, Radian will permit:**

- An occupying spouse, who is not contributing any individual income or individual assets to the loan qualification, to co-borrow without meeting the minimum number of trade line requirements provided the payment history of all the individual’s reported credit references meet the satisfactory payment history requirements.

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- An occupant borrower on a non-occupying co-borrower transaction to qualify without meeting the minimum number of trade line requirement as long as the non-occupying co-borrower is an immediate family member of the occupying borrower, the occupying borrower has a representative credit score that meets the minimum required for the program and all credit references meet the satisfactory payment history requirements.

---

## 4.2 Monthly Credit Obligations

**Recurring monthly financial obligations must be considered when qualifying the borrower.**

### A. Exclusions

#### (1) Short-term debt

*The following obligations may be excluded from the debt to income calculation when the borrower demonstrates sufficient financial resources to maintain payments without impacting ability to service the new mortgage.*

- Installment debt with ten or fewer payments remaining.
- Child support and alimony obligations which terminate within ten months.

#### (2) Payoff of debt to qualify

*Radian will permit the pay off of debt to qualify under the following conditions:*

- The funds used to pay the debt are verified, seasoned and/or sourced.
- Revolving accounts must be paid in full and closed.
- Installment debts:
  - Must be paid in full, or
  - **May be** paid down to less than ten months when the borrower *demonstrates sufficient financial resources to maintain payments without impacting ability to service the new mortgage.*

#### (3) Contingent Liabilities

*The following contingent liabilities may be excluded from the debt to income calculation under the corresponding circumstances:*

- Outstanding debt which has been assigned to another party by an executed and recorded court order.
- Co-signed debt where it can be evidenced the primary obligor (not the borrower) has been making the payments as agreed for a minimum of the most recent twelve months.
- Loan secured by a financial asset that is not being used to support the subject property transaction.
- Mortgage assumption, formal, executed and recorded where it can be evidenced consistent and timely payments have been made by the assuming party for a minimum of twelve months.

## **B. Considerations**

### **(1) Deferred Loans**

The minimum payment required at the time re-payment begins, is to be included in the debt to income calculation for all deferred liabilities regardless of the deferment period.

### **(2) Lease Payments**

Radian requires lease payments be included in the debt to income calculation regardless of the number of payments remaining. Consideration must be given to pending new lease payments if an existing lease payment has been satisfied within sixty days of mortgage application.

### **(3) Reverse Mortgages**

Borrower(s) who are vacating and retaining a home on which they have a reverse mortgage may have an obligation to begin monthly payments. Terms of the reverse mortgage must be identified and any obligation for future monthly payments included in the debt to income calculation.

### **(4) Undisclosed debt**

Indications within the loan file that new debt has been taken out or existing debt has not been disclosed require analysis and clarification. Indications of new or undisclosed debt may appear under the inquiry section of the credit report, income/ asset documentation or court documents.

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## **4.3 Non-traditional Credit**

*Borrowers who have not been extended traditional credit or have an insufficient number of traditional trade lines may meet credit eligibility by evidencing regular and consistent payment of non-traditional credit obligations. Non-traditional credit qualification is not acceptable to offset a derogatory traditional credit history. Non-traditional credit qualification is limited to the following transactions and property types:*

- **Maximum 95% LTV**
- Platinum Program Only
- Prime Only
- Purchase or Rate/Term Refinance
- Primary residence
- Single family, attached or detached PUD or condominium
- Maximum loan amount of \$417,000; \$625,500 AK, HI
- US Citizens or Permanent Residents
- Arms length transaction
- Non-delegated submission

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**Each borrower on the loan application must meet all four of the following non-traditional credit qualifications:**

- 1) A GSE compliant credit report which:**
  - a. Provides the results of FICO scoring.
  - b. Reports all “in file” traditional credit references and recent inquiries.
  - c. Confirms and discloses the results of a public records search.
  
- 2) Housing reference verified by a non-interested third party for the most recent twelve month period.**
  
- 3) Two additional non-payroll deducted credit references. The borrower must be required to make periodic payments no longer than every three months, and evidence a minimum of twelve payments made on each account.**
  
- 4) Satisfactory credit quality defined as follows:**

<b>Type of Account</b>	<b>Rating</b>
<b>Mortgage or Rental History</b>	0 x 30 in the past 12 months. Must be current at the time of loan application and closing.
<b>Non-traditional credit reference</b>	No more than 1 x 30 in the past 12 months
<b>Traditional credit reference</b>	No more than 1 x 30 in the past 12 months
<b>Public Records including: Judgments, Collections, Profit &amp; Loss write-offs, Garnishments, Repossessions, Tax Liens, Housing related default</b>	None in the past 60 months. All credit references used to meet eligibility requirements must have originated after the date the public record was filed. Medical collections may be exempt with a letter of explanation and resolution in place.

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## 5 Income and Employment Eligibility

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The income source(s) used to qualify the borrower must be demonstrated as both:

- Stable, and
- Likely to continue for a minimum of three years.

The measure of stability and continuance is specific to the income source and identified below.

### Income Sources

#### 5.1 Earned Income

##### A. Base salary/ hourly wages

###### (1) Stability

- A minimum of thirty days employment with current employer.  
*See [Employment Contracts](#) for only noted exception.*
- A documented two-year continuous work history, or
  - The borrower(s) obtained his/her current position as a result of recently completed education or certification and has satisfied any associated probationary period or employment conditions.
  - The borrower has recently returned to the workforce and can evidence a prior two-year history of stable employment. A minimum of six months with current employer is required.

###### (2) Continuance

- The borrower demonstrates a two-year history of earning consistent and predictable income, or has successfully completed schooling specific to their current position.
- No indications exist that the income source will terminate within the next three years.

##### B. Overtime; Bonus; Tip Income; Seasonal Employment

###### (1) Stability

- Income is derived from the same income source for a minimum of two years. (Seasonal Employment income may be derived from the same seasonal line of work.)
- Income is supported by both the year to date and most recent two-years earnings.

###### (2) Continuance

- Annual earnings are level or increasing.
- No indications exist that the income source will terminate within the next three years.

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**C. Commission and Second Job income**

**(1) Stability**

- Income is derived from the same income source for a minimum of twelve months with a two-year history of receipt.
- Income is supported by both the year to date and most recent two-years earnings.

**(2) Continuance**

- Annual earnings are level or increasing.
- No indications exist that the income source will terminate within the next three years.

[Link to Tax Returns](#)

**D. Military Income – Base Pay**

**(1) Stability**

Current receipt of income source.

**(2) Continuance**

Discharge date which extends three years from the loan application date, or ability of the borrower to re-enlist.

**E. Military Income – Flight or hazard pay, rations, clothing allowance, quarters' allowance**

**(1) Stability**

Current receipt of income source.

**(2) Continuance**

Establish that the particular source of income will continue to be received in the future.

**F. Projected Income**

*Radian does not consider projected or future income.*

**G. Employment Contracts**

*Radian will consider base salary or hourly wages as defined in the terms of an Employment Contract subject to all of the following requirements:*

- The borrower and employer have executed a complete, legally binding employment contract which identifies start date, source of income and rate of pay.
- All conditions of employment must be evidenced as satisfied.
- The borrower is employed in a profession which typically works under an employment contract; i.e., doctor, teacher, professor, professional athlete.
- Borrower is currently involved and can demonstrate a two-year continuous history in the profession. (advanced schooling permitted, i.e., medical residency)
- Borrower can evidence that, after loan requirements have been met, sufficient liquid assets remain to satisfy all current and proposed financial obligations from the date the loan closes until the borrower is scheduled to receive pay from the new employer. This transition period is not to exceed sixty days.

**H. Employment Gap**

*Employment gaps are defined as any period of 6 months or greater.*

- Any employment gap identified in the borrower's most recent two-year work history must be explained.



- The reason for the employment gap must be analyzed to determine if the borrower's work history demonstrates stability and consistency of income.

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## 5.2 Self-employment

**Radian considers a borrower to be *self-employed* if he/she has 25% or greater ownership in a business.**

### **A. Disclosure of businesses owned**

- A *self-employed* business owned by the borrower must be disclosed and documented in the loan file regardless if the *self-employed* income is being used to qualify.
- Losses resulting from a *self-employed* business must be identified and considered in qualifying the borrower.

### **B. Self-employed income**

#### **(1) Stability**

- *Self-employment income derived from the business and received by the borrower for a minimum of two years, or*
- *Self-employment income with less than a two-year history when a minimum of twelve months self-employment income has been reported on the most recent years tax return and:*
  - The borrower demonstrates a minimum five-year history of comparable or higher income in the same profession or industry, or
  - The business income is derived from a long term legally binding contract.

#### **(2) Continuance**

- Annual earnings are level or increasing.
- There is not a measurable decline in demand for business product or service demonstrated by declining sales and revenue trends.

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## 5.3 Retirement Income

### **A. Social Security; Employer Pension Program; Government Annuity**

#### **(1) Stability**

- Current receipt of borrower entitled monthly benefits.
- Borrower's receipt of monthly benefits for a minimum of two months.

#### **(2) Continuance**

- No indications exist that the income source will terminate within the next three years.

### **B. Asset derived income**

*For borrowers of legal retirement age, Radian will consider asset derived income:*

- **IRA Distribution**

*Qualifying income can be determined by either the most recent twelve month distribution average or the current established monthly distribution.*

**(1) Stability**

- The most recent twelve month distribution history, or
- The borrower's current receipt of
  - The required minimum distribution, or
  - Regularly scheduled distributions according to an established agreement initiated prior to the loan application date.

**(2) Continuance**

The current IRA balance is sufficient to support distributions for a minimum of three years.

- **Annualized Assets**

*Qualifying income can be derived from liquid assets, which are intended to provide an income source to the borrower during retirement. Qualifying income is determined by taking the available liquid assets divided by the loan term to define an income available to support the payment each year of the loan term. The annual amount is then divided by twelve and considered monthly qualifying income.*

**(1) Stability**

- Available liquid assets remain after the satisfaction of loan requirements which are equal to or greater than the loan amount.
- The assets being considered are currently under the control and ownership of the borrower and have been for a minimum of two years.

**(2) Continuance**

The available liquid assets support the qualifying income for the entire term of the loan.

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## 5.4 Other Income/Unearned Income

### A. Government Benefits/ Public Assistance/ Social Services

**(1) Stability**

- Receipt of monthly income, assistance or benefits from the same source for a minimum of two years.
- Borrower's current receipt of comparable income from the same source, or
- Eligibility of the borrower to receive income, assistance or benefits in the case of unemployment benefits.

**(2) Continuance**

- Determination that the benefits do not have a defined expiration date within three years from the loan application date.

**B. Disability Income**

**(1) Stability**

- Borrower has been approved for and is currently receiving long term monthly disability benefits.
- Borrower's receipt of long term monthly disability benefits evidenced for a minimum of two months.

**(2) Continuance**

- Determination that the benefits do not have a defined expiration date within three years from the loan application date.

**C. Child Support/Alimony**

**(1) Stability**

- Legal order requiring the payment.
- Consistent receipt of the income from the same source for a minimum of twelve months, or
- Consistent receipt of the income from the same source for a minimum of six months, if the income being used to qualify does not exceed thirty percent (30%) of the loan's total qualifying income.

**(2) Continuance**

- Legal order identifying the obligation for the payment of child support or alimony to the borrower continues for a minimum of three years.

**D. "Gross" up non-taxable income**

Income identified as non-taxable may be "grossed" up in an amount equal to the federal tax rate percentage for the borrower's income, not to exceed twenty-five percent (25%).

**E. Capital Gains; Interest and Dividend; Trust Income**

**(1) Stability**

- Income received for a minimum of two years.
- Income derived year over year from the same source is consistent or increasing.

**(2) Continuance**

- The assets producing the income stream or comparable assets are under the ownership and control of the borrower and are not committed elsewhere.

**F. Auto Allowance; Housing Allowance**

**(1) Stability**

- Two-year history of income receipt with the twelve months most recent from the same source.
- Tax returns indicate income received by the borrower in excess of associated expense.

**(2) Continuance**

- No indications exist that the income source will terminate within the next three years.

**G. Trailing Spouse**

*Income is not eligible.*

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**H. Rental Income**

*Net rental income may be an acceptable qualifying income source.*

*The eligibility and calculation of the net rental income is subject to the following considerations:*

- The current status of the property.
- The length of time the property has been owned by the borrower.

Property	Eligible for the use of rental income	Not Eligible
<b>Existing Investment Property</b>	Properties that are currently generating rental income for the borrower	Properties that are not currently generating rental income
<b>Subject Property 2 Unit</b>	On non-owner occupied unit	Owner occupied unit
<b>Conversion of Existing Primary Residence or Second Home into an Investment property</b>	Borrower equity in current home is 30% or greater as evidenced by an appraisal, AVM or BPO	Borrower equity in current home is less than 30%

Property	Calculation of Qualifying Net Rental Income	
	Property reflected on schedule E of the most recent tax return(s)	Property acquired subsequent to filing the most recent tax return
<b>Existing Investment Property</b>	Gross rental income reported on the schedule E less operating and repair expenses including but not limited to monthly PITIA <ul style="list-style-type: none"> <li>• Principal</li> <li>• Interest</li> <li>• Taxes</li> <li>• Insurance</li> <li>• Association Dues</li> </ul>	75% of gross rental income identified on a fully executed lease by a tenant that is: <ul style="list-style-type: none"> <li>• Not related to the borrower</li> <li>• A disinterested party to the transaction</li> </ul>
<b>Subject Property 2 Unit</b>	Gross rental income reported on the schedule E less operating and repair expenses including but not limited to monthly PITIA <ul style="list-style-type: none"> <li>• Principal</li> <li>• Interest</li> <li>• Taxes</li> <li>• Insurance</li> <li>• Association Dues</li> </ul>	The lesser of: <ul style="list-style-type: none"> <li>• 75% of gross rental income as determined by an appraiser's opinion of market rent for the non-owner occupied unit, or</li> <li>• 75% of gross rental income identified on a fully executed lease by a tenant that is: <ul style="list-style-type: none"> <li>• Not related to the borrower</li> <li>• A disinterested party to the transaction</li> </ul> </li> </ul>
<b>Conversion of Existing Primary Residence or Second Home into an Investment property</b>	Not Applicable	75% of gross rental income as evidenced by all the following: <ul style="list-style-type: none"> <li>• Fully executed lease agreement by a tenant that is <ul style="list-style-type: none"> <li>• Not related to the borrower</li> <li>• A disinterested party to the transaction</li> </ul> </li> <li>• Security deposit from the tenant</li> <li>• Bank statement showing the deposited security funds</li> </ul>

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## **5.5 Tax Returns**

**The most recent two-years complete tax returns are required to document income from the following sources:**

- Borrower(s) employed by family members.
- Borrower(s) employed by an interested party to the transaction.
- Borrower(s) employed on a per job or contract basis.
- Self-employment income.
- Commission income representing 25% or more of the borrower's total annual income.
- Auto Allowance or Housing Allowance as a source of qualifying income.
- Borrower(s) claiming unreimbursed business expenses.

[Link to Documentation](#)

### **A. Tax Extensions**

- Borrower(s) filing a tax extension in lieu of a tax return are required to provide a copy of the tax extension in addition to the most recent two-years tax returns.
- The total tax liability reported on the tax extension is to be considered in comparison with the borrower's tax liability from the previous two years as a measure of income source stability and continuance.
- A total tax liability that is indicated to be less than the previous year's tax liability may require clarification and explanation.

### **B. Tax Transcripts**

- Radian does not require the 4506-T be processed and tax transcripts obtained. *However if the lender processes the 4506-T and obtains the tax transcript during the underwriting process, the tax transcripts will be required at the time of submission for mortgage insurance.* In the case of delegated transactions, the tax transcript is to be reviewed and retained in the loan file.
- Radian does allow the use of tax transcripts as an alternative to tax returns. *However when tax transcripts do not provide sufficient detail to document income or expenses, tax returns will be required.*
- Material discrepancies between the tax transcripts and income documentation contained in the loan file must be satisfactorily explained and documented. *Loan files containing irreconcilable discrepancies are not eligible for mortgage insurance.*

## 6 Assets

### 6.1 Borrower's Own Funds

A Minimum Investment from the **Borrower's Own Funds** is required for all transactions.

- Purchase transactions require a minimum cash down payment.
- Refinance transactions require minimum equity in the property.

Minimum Borrower's Own Funds Investment (Equity) Required		
Purchase & Rate/Term Refinance	Primary Residence	Second Home
97% LTV	3%	Not Eligible
Agency Eligible Conforming	5%	10%
Agency Eligible High Cost Area	5%	Not Eligible
Non-Agency Jumbo	10%	Not Eligible
Cash-out Refinance	Primary Residence	Second Home
Agency Eligible Conforming	15%	Not Eligible
Agency Eligible High Cost Area	Not Eligible	Not Eligible

*Note: The minimum investment required from the Borrower's Own Funds, in some cases, may be less than the total down payment required.*

#### A. Borrower's Own Funds are defined as:

- Depository assets which have been seasoned or sourced and are under the ownership and control of the borrower.
- Borrower entitled proceeds from the sale of real estate owned.
- Non-depository assets which are owned by the borrower and liquidated.
- Sale of personal assets meeting the following requirements:
  - Borrower's seasoned ownership of the asset is evidenced.
  - Current value is determined by an independent and reputable source.
  - Bill of sale is provided along with evidence of borrower's receipt of the funds.
  - The party purchasing the asset may not be related to the borrower or a party to the transaction.
- Funds held by or for the benefit of the seller including:
  - Earnest money deposit which is seasoned or sourced.
  - Rent paid on an Option to Purchase which exceeds fair market rent and is defined in the contract as down payment.

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- Secured borrowed funds, as long as the party providing the secured loan is not a party to the transaction.
- Credit for value of subject property lot owned by the borrower.

<b>Title to the lot</b>	<b>Eligible asset value</b>
Acquired greater than twelve months from date of loan application	Current appraised value
Acquired less than twelve months from date of loan application	The lesser of the purchase price or current appraised value
Borrower acquired as a gift or inheritance	Current appraised value

**(1) Seasoned funds**

Funds which are and have been under the ownership and control of the borrower for a minimum of sixty days prior to the date of loan application.

**(2) Sourced funds**

- A large deposit, not originating from an established income source, identified on any asset statement located in the file must be sourced and documented.
- Individual or cumulative deposits, exceeding twenty percent (20%) of the borrower’s monthly gross income, are generally defined as large.

**(3) Business Assets**

Business assets may be used to satisfy the minimum investment required from *Borrower’s own funds* subject to the following conditions and documentation:

- The business is 51% or more owned by the borrower.
- Business tax returns are provided.
- Business assets are seasoned or sourced, under the control of the borrower and related to the business documented in the loan file.
- A CPA, not related to the borrower or a party to the transaction, provides a written statement that removal of business assets will not negatively impact the ability of the business to continue operating or produce revenue.

*Note: In the case the business does not employ a CPA; the submitting lender’s underwriter may provide a written cash flow analysis of the business and conclusion.*

**B. Ineligible sources of Borrower’s Own Funds:**

- Cash on hand
- Unsecured borrowed funds
- Trade equity
- Gifts of equity
- Sweat equity
- Non-liquid assets including retirement accounts which are not eligible for liquidation upon request

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- Personal gift funds (as defined below) pooled with and indistinguishable from borrower's own funds

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## 6.2 Additional Eligible Funding Sources

**After the Borrower(s) has satisfied the minimum investment required from Borrower's own funds, the following additional sources are eligible to fund the transaction and may be used to:**

- Increase down payment.
- Pay part of the closing costs and/or prepaid expenses.
- Supplement reserves.

### **A. Personal Gift Funds**

Gift funds from an eligible donor are permitted when the funds are owned by the donor and transferred to the borrower, prior to or at the time of closing.

#### **(1) Eligible gift donor(s)**

- Individuals who are related to the borrower by blood, marriage, adoption or legal guardianship.
- Individuals who demonstrate a long standing established relationship with the borrower specifically fiancé, fiancée or domestic partners.

#### **(2) Ineligible gift donor(s)**

- Individuals who benefit financially from the closing of the transaction.
- Individuals who are, or have an affiliation with, the builder, developer, real estate agent, or any other interested party to the transaction.

### **B. Gifts of Equity**

Gifts of equity provided by the seller of the property who is related to the borrower by blood, marriage, adoption or legal guardianship.

### **C. Grant funds**

Grant funds from an acceptable third party entity are permitted under the following circumstances:

#### **(1) Eligibility**

- Primary residence only
- Repayment of the grant, in whole or in part, is not expected or required except upon resale or refinance of the property.
- Grant is part of a formal gift program.
- In the event the grant funds result in a recorded lien on the subject property, the CLTV may not exceed the maximum published eligible LTV for the transaction type.



**(2) Acceptable third party entities**

- Churches
- Municipalities
- Non-profit organizations (excluding credit unions)
- Public agencies

**6.3 Reserves**

**Borrower liquid assets remaining after closing which could be used to pay the monthly housing expense:**

- Principal
- Interest
- Taxes
- Insurance
- Association fees

Transaction	Purchase Rate/Term Refinance		Cash-Out Refinance	Conversion of Principal Residence				
	Primary Residence Second Home			Primary Residence	Equity in Current Home	Equal to or Greater than Thirty percent (30%)		Less than Thirty percent (30%)
Number of Units	One	Two	One	Number of Units Subject Property	One	Two	One	Two
Reserves Required	Two (2) months	Six (6) months	Two (2) months	Required Reserves Subject Property	Two (2) months	Six (6) months	Six (6) months	
<i>Note: The reserve requirement may be waived in the case of a limited cash-out refinance when the transaction results in a reduction to the borrower's monthly housing expense.</i>				Required Reserves Current Property	Two (2) months	Two (2) months	Six (6) months	

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## 7 Transaction Eligibility

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### 7.1 Transaction Types

**Radian insures the following transaction types subject to defined restrictions and exclusions:**

- Purchase
- Rate/Term Refinance
- Cash-Out Refinance

#### **A. Purchase**

- The seller must be the owner of record and identifiable on the purchase contract.
- The buyer must be named on the purchase contract (not an assignee).
- The appraiser must review a complete and executed copy of the purchase contract, including any applicable addendum(s).
- Non-arms length transactions must be disclosed and analyzed by the appraiser.

#### **B. Rate/Term Refinance**

- **Repayment of a borrower's debt in which all loan proceeds are used for one or more of the following items:**

- Payoff of the existing first mortgage where there exists a *continuity of obligation*.
- Payoff of a subordinate lien that was used in its entirety to purchase the subject property as evidenced by the original purchase transaction HUD-1.
- Payment of reasonable and customary closing costs and prepaids, including discount points and prepayment penalty.
- Cash back to the borrower not to exceed the lesser of 2% of the new loan amount or \$2,000.
- Existing subordinate liens may be re-subordinated provided the maximum CLTV/HCLTV is not exceeded for the program. New subordinate mortgage liens/secondary financing are not allowed.  
[Link to Mortgage Eligibility - LTV](#)
- Buyout of an owner's interests may be considered as a limited cash-out refinance subject to ALL of the following:
  - The buyout is required as a result of a court ordered divorce settlement or dissolution of a domestic partnership.
  - The secured property was jointly owned for at least twelve months preceding the date of the mortgage application (except in the case of recent inheritance of the subject property).

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- All parties sign a written agreement that states the terms of the property transfer and the proposed disposition of the proceeds from the refinance transaction.
- Borrower's who acquire sole ownership may not receive any proceeds from the refinancing.

• **Continuity of Obligation is satisfied when one of the following is met:**

- At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.
- The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor.
- The loan being refinanced and the title to the property are in the name of a natural person or a Limited Liability Company (LLC) as long as the borrower was a member of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.
- The borrower has recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership).

**C. Cash-Out Refinance**

*A cash-out refinance transaction provides funds in excess of what is permitted under rate/term refinance eligibility. These additional proceeds may be used to satisfy existing subordinate lien(s) and/or provide the borrower with cash. A cash-out refinance may also secure a property with no existing lien.*

**(1) Eligibility**

- Platinum Program Only
- Prime Credit Only
- Primary Residence Only
- Retail Originations Only
- The borrower must demonstrate a continuity of obligation.

**(2) Restrictions**

- The maximum cash a borrower may receive after the satisfaction of the first mortgage lien is \$75,000.
- Transaction may not include subordination of existing or new secondary financing.
- ARMS are limited to products with an initial adjustment period of five years or greater.
- The subject property may not have been purchased or listed within twelve months of the loan application date.

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### **(3) Exclusions**

- **Loan Features**
  - Temporary Buydowns
  - Interest Only
  
- **Property Location and Type**
  - Properties located in the state of AZ, CA, FL, MI, NV
  - 2 unit properties
  - Manufactured homes
  - Attached condominiums
  - Co-ops

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## **7.2 Installment Land Contracts, also known as, Contract for Deed**

**The proceeds of a mortgage loan may be used to satisfy the current remaining balance of a fully executed installment land contract.**

- Contracts executed within the twelve (12) months preceding the date of the loan application:
  - Are to be underwritten as a purchase transaction.
  - Require the LTV ratio be determined by dividing the outstanding balance by the lesser of:
    - The appraised value as determined by a current appraisal, or
    - The total acquisition cost (purchase price plus the cost incurred by the purchase for renovation) with all included expenditures fully documented by the borrower.
  
- Contracts executed more than twelve (12) months before the date of the loan application:
  - Are eligible as a Rate/Term Refinance transaction.
  - Allow the LTV ratio to be determined by dividing the outstanding balance by the appraised value as determined by a current appraisal.
  
- Installment land contracts are not eligible as a cash-out refinance transaction.

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## **7.3 Construction Conversion**

**Proceeds received from the permanent financing of a completed property which are used to pay off an existing construction loan.**

**A. Eligibility**

**(1) Radian does not provide mortgage insurance coverage on construction or renovation loans during the construction or renovation phase.**

**(2) The transaction may be completed as a refinance if:**

- The borrower held legal title to the lot prior to the application for interim construction financing,
- The borrower is named as the borrower for the construction loan.
- The builder/developer is not obligated to repay the Interim Construction Financing or any Mortgage on the land or the improvements.
- The respective Rate/Term or Cash-Out Refinance terms are met:
  - Maximum LTV/CLTV
  - Minimum borrower equity requirement

**B. Defined Value**

Construction Conversion	Lot owned 12 months or more prior to the application for interim construction financing OR The borrower acquired the lot through an inheritance or gift.		Lot owned less than 12 months prior to the application for interim construction financing.	
	Purchase	Refinance	Purchase	Refinance
	<i>The Lesser of:</i>		<i>The Lesser of:</i>	
<b>Single Family Home 2 Unit Property</b>	The current appraised value <i>or</i> The sum of the documented costs of the construction and the current appraised value of the lot.	The current appraised value.	The current appraised value <i>or</i> The sum of the documented costs of the construction and the sales price of the lot.	The current appraised value <i>or</i> The sum of the costs of the improvements and the sales price of the lot.
<b>Manufactured Home</b>	The purchase price of the Manufactured Home, plus the lowest purchase price at which the land was sold during the most recent 12-month period <i>or</i> Appraised value of the Manufactured Home and land.	The purchase price of the Mortgaged Premises (cost of the Manufactured Home and appraised value of the land) <i>or</i> Appraised value of the Mortgaged Premises.	The purchase price of the Manufactured Home, plus the lowest purchase price at which the land was sold during the most recent 12-month period <i>or</i> Appraised value of the Manufactured Home and land.	The purchase price of the Mortgaged Premises (cost of the Manufactured Home and the lowest purchase price of the land within the most recent 12-month period) <i>or</i> Appraised value of the Manufactured Home and land.

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## 7.4 Property Flips

**Certain transaction types inherently present increased risk. As a result, the sale of a property recently acquired by the seller after a brief holding period typically for profit, with or without improvements being made to the property is restricted as follows:**

- All transactions must be “arm’s length.”
- Property must be owned (title date) by the seller for greater than 90 days prior to the date borrower entered into a contract for purchase of the subject property.
- Properties owned greater than 90 days but no more than 180 days, prior to the date borrower entered into a contract for purchase, require submission to the Radian Service Center or Radian onsite employee for underwriting.
- An increase in value of the subject property must be analyzed and discussed by the appraiser.
- **The following transactions are not defined as property flips:**
  - Property obtained through an inheritance.
  - Property that is part of a settlement in a divorce agreement.
  - Property that is part of an employer relocation program.
  - Property acquired by the lender or servicer as a result of foreclosure or deed in lieu of foreclosure.

*Agents or subsequent owner(s) of the property, are not considered the lender or servicer.*

## 7.5 Interested Party Contributions

### A. Financing Concessions

#### (1) Eligibility

Financing concessions subject to the following restrictions are permitted:

LTV	Maximum
90.01% - 97%	3%
90% or below	6%

#### (2) Disclosure

- **Financing concessions must be identified within the:**
  - Sales contract
  - Appraisal Report
    - Appraiser must analyze the impact of financial concessions on the value of the subject property.

#### (3) Restrictions

**Radian will not accept an increase in the sales price to accommodate seller paid financial concessions after the terms of sale have been negotiated and accepted by all parties.**

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**B. Sales Concessions**

- *Sales Concessions require a dollar for dollar reduction of the purchase price in order to compute the maximum loan to value ratio for underwriting and eligibility purposes.*
- Included in sales concessions are any interested party contributions that exceed the maximum permitted financing concessions.  
[Link to Financing Concessions](#)

**C. Personal Property**

- The parties involved in a purchase transaction may choose to include personal property items in the contract as a negotiated term of the sale.
  - In such cases, Radian does not permit the removal of these personal property items from the contract for the sole purpose of eligibility.
- Personal property items included in the sales contract must be disclosed and addressed by the appraiser.
- Radian will consider the impact to subject property value as analyzed by the appraiser and determine if the personal property is, for eligibility purposes, considered to be a sales concession.
  - Personal Property is considered to be a sales concession for eligibility purposes when:
    - Removal of the item from the transaction impacts the value of the subject property.
    - It motivates the buyer to purchase the property.
    - Can be removed from the subject property and has a recognizable re-sale value.
  - For personal property items **not meeting the above definition**, the following are not considered to be a sales concession for eligibility purposes:
    - An item that is not easily transportable and is left with the property for the convenience of the seller.
    - An item that cannot be easily removed and whose value is equal to or less than the cost to remove.
    - An item which, due to poor condition, advanced age or lack of functionality, provides minimal utility.
- In the case where the underwriter is unable to clearly excluded personal property as a sales concession; it should be considered a sales concession for eligibility purposes.
- The value of a personal property item, defined as a sales concession for eligibility purposes, is to be determined by the parties to the transaction based on an estimate of current re-sale market value.

**D. Abatements**

• **Transactions which include abatements are not eligible. Abatements are defined as:**

- Payment of the loan principal and interest by a party to the transaction other than the borrower.
- Payment of monthly pre-paid expenses (taxes, homeowner and/or mortgage insurance, homeowner association dues) by an interested party to the transaction that exceed the amount required to establish the escrow account associated with the mortgage closing.
- Payments made directly to the borrower.



## 8 Property Eligibility

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### 8.1 Eligible Property Types

Please refer to the **Eligibility Matrices** to determine maximum eligible LTV specific to transaction and property type.

[Link to Eligibility Matrices](#)

Mortgage loans secured by the following property types are eligible for coverage subject to defined Property **Minimum Standards, Restrictions and Exclusions**:

- Single Family Residence
- Planned Unit Developments (PUDs)
- Condominiums

*Attached condominium eligibility is limited to the following:*

- Purchase and Rate/Term Refinance

For non-retail origination:

- Platinum Program Only
- Prime Credit Only
- Primary Residence Only
- Minimum 720 credit score

- 2 Unit

*Eligibility is limited to the following:*

- Platinum Program
- Prime Credit
- Primary Residence
- Purchase and Rate/Term Refinance transactions
- Standard agency conforming loan limits

- Co-operatives

*Eligibility is limited to the following:*

- Platinum Program
- Prime Credit
- Primary Residence
- Purchase and Rate/Term Refinance transactions
- Retail origination
- Standard agency conforming loan limits

- Manufactured Homes

*Eligibility is limited to the following:*

- Platinum Program
- Prime Credit
- Primary residency

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- Purchase and Rate/Term Refinance
- Retail origination
- Standard agency conforming loan limits

**A. Minimum Standards**

An eligible property type must meet minimum standards to be acceptable collateral for mortgage insurance coverage. At a minimum the property must:

- **Be habitable and certified for occupancy by the local housing authority.**  
*Radian does not provide mortgage insurance coverage on construction or renovation loans during the construction or renovation phase. A loan on a completed property which has been certified for occupancy is eligible.*
- **Have a clear and marketable title.**
- **Provide residential use, which has been determined by the appraiser to be the highest and best use.**
- **Provide conditions which do not compromise the health, safety or security of the occupants.**
- **Demonstrate structural integrity.**
- **Have a permanent water source.**
- **Have operational utilities and mechanical systems that meet community standards.**
- **Have legal, unrestricted, year round access.**

**B. Restrictions**

Eligible property types are restricted by the following:

**(1) Acreage**

- Maximum of ten (10) acres.
- Property must be used exclusively for residential purposes and can not be income producing.

**(2) Land-to-value ratio**

Land value exceeding 35% of appraised value must be typical for the area and supported by comparable sales.

**(3) Out-buildings**

- May not accommodate agriculture or business use.
- Must be typical for the area with value and marketability supported by comparables sales.
- Contributory value incidental.

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**(4) Zoning**

- The subject property must constitute a legally permissible use of the land.
- May not include land use regulations which restrict reconstruction or maintenance.

**(5) Project Warranty**

Attached PUDs, attached/detached Condominiums and Cooperatives must be Fannie Mae/ Freddie Mac warrantable.

**C. Exclusions**

The following features of eligible property types are not eligible for Radian mortgage insurance coverage:

- Second homes in Florida or Guam.
- Condotels.
- Single-wide manufactured homes.
- Manufactured housing site condominiums.
- Model home leasebacks.

[Link to Eligibility Matrices](#)

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## **8.2 Ineligible Property Types**

**The following property types are not eligible for Radian mortgage insurance coverage:**

- 3 to 4-unit properties
- Mobile homes
- Time-share properties
- Lot loans

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## **8.3 Property Type Definition**

[Link to Eligibility Matrices](#)

**Single Family Residence**

- A one unit detached or attached home
- Held in fee simple or leasehold estate
- Not subject to a mandatory homeowners association
- Not a manufactured home

**• A single family residence may include an accessory unit that is incidental to the overall value and appearance of the subject property subject to all of the following:**

- Appraiser must describe the accessory unit.
- The accessory unit must be identifiable in the appraisal subject property photographs.
- Appraisal must demonstrate the accessory unit improvement is typical for the market area through comparable sales with similar use.
- Appraiser must analyze any effect on the value and marketability of the subject property.
- Use of rental income from an accessory unit is not permitted.

**• A single family residence which represents a mixed use (business use in addition to residential use) is eligible subject to all of the following:**

- Primary residence only.
- The property must be primarily residential in nature, located in a residential area and typical for properties in the market area.
- Appraiser must describe the mixed use characteristics.
- The business use of the subject property must be identifiable in the appraisal subject property photographs.
- The mixed use of the property must represent a legal permissible use under current zoning regulations.
- An opinion of value is based on the property’s residential nature.
- Appraiser must analyze any effect on the value and marketability of the subject property.
- If the property has a commercial use, the Borrower must be the owner and operator of the business.

**2 Unit Property**

- Provides two separate, self contained living units, attached to or detached from each other that are legally permissible and located on the same parcel
- Held in fee simple or leasehold estate
- Not subject to a mandatory homeowners association
- Not a manufactured home

**Rental income may be considered on the non-owner occupied unit.**

**Planned Unit Development (PUD)**

- A one unit detached or attached home
- Held in fee simple or leasehold estate
- Located in a project or subdivision which includes common property owned and maintained by a homeowners’ association
- Subject to mandatory membership in the homeowners association and payment of assessments
- Not a manufactured home

**• An attached unit within a PUD in the state of Florida requires a non-delegated submission.**

**• Warrantable:**

- An attached unit within a PUD must meet Fannie Mae or Freddie Mac warranty requirements.
- A detached unit within a PUD is not required to meet Fannie Mae or Freddie Mac warranty requirements.

**Fannie Mae/ Freddie Mac Project Warranty**

*The submitting lender is responsible to determine that the Planned Unit Development or Condominium project meets all applicable Fannie Mae/ Freddie Mac eligibility requirements and is therefore warrantable. This includes the integrity of all data submitted to obtain a Fannie Mae/ Freddie Mac project approval and applies to both delegated and non-delegated submissions.*

**Condominium**

- A one unit detached or attached home
- Held in fee simple or leasehold estate
- Located in a project or subdivision which includes common property owned and maintained by a homeowners’ association
- Subject to mandatory membership in the homeowners association and payment of assessments
- Not a manufactured home

- **An attached condominium unit in the state of Florida requires a non-delegated submission.**
- **Investor-Owned units within the project are limited to 30%.**
- **No single entity may own more than the greater of one unit or 10% of the total units within the project.**
- **Non-residential units in a project, limited to lobby-level service businesses, may not exceed 20% of the square footage of the overall project.**
- **No more than 15% of units can be greater than one-month delinquent on HOA fees.**
- **Construction of all units, common areas and facilities located within the legal phase have been completed.**
- **Lenders targeting and marketing loan services within a project are limited to the higher of one unit or 40% of the project.**
- **Warrantable:**
  - An attached condominium unit must meet Fannie Mae or Freddie Mac warranty requirements.
  - A detached condominium must meet Fannie Mae or Freddie Mac Limited Review warranty requirements.

**Cooperatives**

- A one unit attached home
- Held in fee simple estate
- Designed for residential use
- Consists of five or more units
- Not a manufactured home
- Form of ownership in which the buyer obtains shares in a corporation which owns the building where the unit is located

- **A cooperative unit in the state of FL requires a non-delegated submission.**
- **Co-op housing projects must be located in areas that have demonstrated market acceptance.**
- **A written statement from the co-op corporation verifying the co-op project qualifies under the Internal Revenue Service Code and is in compliance with section 216 of the Code.**

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**Manufactured Housing**

- Multi-width, one unit detached home
  - Held in fee simple estate
  - Legally classified and taxed as real estate
  - Permanently affixed to the lot
  - Assumes the characteristics of site built housing
- 

- **Must assume the characteristics and functional utility of site-built housing.**
  - **Manufactured in compliance with the applicable Federal Manufactured Home Construction and Safety Standards as amended and in force at the time the home is manufactured as evidenced by both a HUD Data Plate and HUD Certification Label.**
- 

## 8.4 Assessment of Property Value and Condition

**Radian utilizes industry standard appraisal reports to determine the acceptability of the collateral with the following requirements:**

- The appraisal includes an interior/ exterior inspection.
- The appraisal is reported on the appropriate form for the property type and transaction and accommodates identification of interior/exterior features and condition.
- The appraisal was initiated, completed and prepared in:
  - Conformance to FHFA’s *Home Valuation Code of Conduct*.
  - Compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).
- The appraisal may not be more than 120 days old at the time the note is signed.
- Radian will accept a recertification of value in the following instances:
  - The loan is for the purchase of a newly constructed, never occupied, property.
  - The loan is a Rate/Term Refinance of a property purchased within the past year.
- A recertification of value must meet the following requirements:
  - The appraiser performs a re-inspection of the exterior of the property.
  - The appraiser performs a review of current market data to determine whether the property has declined in value since the date of the original appraisal.
- Radian does not accept AVMs, PVMMs, Property Inspection Waivers (PIWs), or Property Inspection Alternatives (PIAs) in lieu of appraisals.
- Field reviews obtained by the lender to satisfy Fannie Mae, Freddie Mac or investor program underwriting guidelines are to be included in the loan file.
- Use of a field review value to determine LTV requires the following:
  - Compliance with Fannie Mae guidance as delivered in announcement SEL-2010-09 and subject to any subsequent updates.
  - Receipt of the original appraisal.

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- Documentation and/or explanation as to why the original appraisal report was not accepted by the lender

### **Postponed Improvements**

Radian does not restrict the lender from establishing an escrow account for postponed improvements when:

- The appraisal is completed as is with no required repairs.
- The appraised value is based on current condition of the property and not contingent upon required repairs or improvements.
- The postponed improvements do not affect the livability, soundness or structural integrity of the property.

Escrows for Postponed Improvements which are a result of appraisal conditions are acceptable as long as:

- The repairs or improvements do not affect the livability, soundness or structural integrity of the property.
- The property is habitable and certified for occupancy at the time of mortgage insurance certification.
- The cost of the postponed improvements do not exceed ten percent (10%) of the completed as is value.

Radian Guaranty Inc.

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