

RADIAN

Borrower-Paid Mortgage Insurance (BPMI) Prime (A)

Primary Residence, Purchase, A Credit, Greater than 25 years, Non-Refundable

Monthly ^{1,4}		Fixed Level payments for the first 5 years				Non-Fixed Actual or potential payment changes during the first 5 years				
		LTV	Coverage	≥760	720-759	680-719	620-679	≥760	720-759	680-719
97%	35%	1.10%	1.15%	1.36%	NA	1.88%	1.88%	2.23%	NA	
	30%	0.95%	0.99%	1.19%	NA	1.62%	1.62%	1.95%	NA	
	25%	0.78%	0.82%	1.01%	NA	1.34%	1.34%	1.65%	NA	
to	18%	0.62%	0.65%	0.85%	NA	1.07%	1.07%	1.39%	NA	
95.01%	35%	0.68%	0.76%	1.06%	1.37%	0.96%	1.01%	1.41%	1.70%	
95%	30%	0.59%	0.67%	0.94%	1.20%	0.83%	0.87%	1.22%	1.49%	
	25%	0.55%	0.62%	0.84%	1.08%	0.76%	0.80%	1.08%	1.34%	
	16%	0.48%	0.54%	0.72%	0.79%	0.61%	0.64%	0.85%	0.98%	
to	90.01%	30%	0.54%	0.59%	0.69%	0.88%	0.78%	0.81%	0.95%	1.09%
90%	25%	0.44%	0.49%	0.62%	0.76%	0.65%	0.68%	0.82%	0.94%	
	17%	0.38%	0.43%	0.49%	0.61%	0.56%	0.59%	0.67%	0.76%	
	12%	0.34%	0.39%	0.44%	0.52%	0.48%	0.51%	0.57%	0.64%	
to	85.01%	25%	0.42%	0.44%	0.48%	0.69%	0.62%	0.65%	0.74%	0.86%
85%	17%	0.35%	0.37%	0.43%	0.58%	0.46%	0.48%	0.56%	0.72%	
	12%	0.28%	0.32%	0.38%	0.44%	0.36%	0.38%	0.45%	0.55%	
	6%	0.26%	0.30%	0.34%	0.38%	0.35%	0.37%	0.42%	0.47%	

Single ^{2,4}		Fixed				Non-Fixed				
		LTV	Coverage	≥720	680-719	≥720	680-719	≥740	720-739	680-719
97%	35%	3.26%	4.07%	4.74%	5.92%					
	30%	2.96%	3.70%	4.22%	5.25%					
	25%	2.63%	3.22%	3.70%	4.55%					
to	95.01%	18%	2.18%	2.85%	2.74%	3.59%				
95%	35%	2.64%	2.81%	3.92%	5.07%	3.30%	3.74%	5.22%	6.29%	
	30%	2.15%	2.48%	3.48%	4.44%	2.68%	3.22%	4.51%	5.51%	
	25%	1.65%	2.29%	3.11%	4.00%	2.06%	2.96%	4.00%	4.96%	
to	90.01%	16%	1.43%	2.00%	2.66%	2.92%	1.79%	2.37%	3.15%	3.63%
90%	30%	1.43%	2.18%	2.55%	3.26%	1.79%	3.00%	3.52%	4.03%	
	25%	1.37%	1.81%	2.29%	2.81%	1.71%	2.41%	3.03%	3.48%	
	17%	1.21%	1.59%	1.81%	2.26%	1.51%	2.18%	2.48%	2.81%	
to	85.01%	12%	1.10%	1.44%	1.63%	1.92%	1.38%	1.89%	2.11%	2.37%
85%	25%	1.27%	1.63%	1.78%	2.55%	1.58%	2.52%	2.74%	3.18%	
	17%	1.10%	1.37%	1.59%	2.15%	1.38%	1.78%	2.07%	2.66%	
	12%	0.99%	1.18%	1.41%	1.63%	1.24%	1.41%	1.67%	2.04%	
and under	6%	0.88%	1.11%	1.26%	1.41%	1.10%	1.37%	1.55%	1.74%	

Adjustments	Monthly				Single			
	≥ 760	720-759	680-719	620-679	≥ 740	720-739	680-719	620-679
25 Years and Under	-.03%	-.05%	-.08%	-.11%	-.19%	-.19%	-.30%	-.41%
Annual (premium paid once a year)	-.02%	-.03%	-.04%	-.05%	NA	NA	NA	NA
Cash-out Refinance	+.18%	+.20%	+.25%	+.50%	+.50%	+.70%	+1.00%	+1.30%
Declining Renewals	+.02%	+.03%	+.04%	+.05%	NA	NA	NA	NA
Loan Amounts ³ > \$417,000	+.20%	+.25%	+.40%	+.60%	+.40%	+.93%	+1.48%	+2.22%
Manufactured Housing	+.20%	+.20%	+.30%	+.50%	+.50%	+.70%	+1.00%	+1.30%
Rate & Term Refinance	+.05%	+.10%	+.15%	+.30%	.00%	.00%	+.56%	+1.11%
Refundable Monthly	+.01%	+.01%	+.02%	+.03%	NA	NA	NA	NA
Relocation	-.02%	-.04%	-.07%	-.10%	-.10%	-.15%	-.26%	-.37%
Second Home	+.12%	+.14%	+.20%	+.35%	+.25%	+.52%	+.74%	+1.30%

¹ Minimum Monthly and Annual rates = .15%

² Minimum Single rate = .69%

³ The Loan Amount adjustments do not apply in Alaska and Hawaii with amounts \$417,001 - \$625,500.

⁴ Cancellation under the Homeowners Protection Act of 1998 is detailed in the Rate Card Notes.



Rates are subject to additional information located at www.radian.biz/ratenotes

Rates may also be located at www.radian.biz/calculators

1.877.723.4261 (1.877.Radian1)

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Underwriting Guidelines

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RADIAN

**Radian
Underwriting
Guidelines**

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Introduction

Radian is proud to be a mortgage insurance industry leader. As a leader, we strive to accommodate the needs of the lending community by offering a variety of comprehensive mortgage insurance products while streamlining the application process. We continuously review Fannie Mae and Freddie Mac guidelines to align our eligibility and policy, whenever possible, and identify opportunities to support Non-Agency lending by providing mortgage insurance on loans not aligned with current Fannie Mae and Freddie Mac offerings.

Our guidelines are structured to simplify the mortgage insurance process and provide underwriting clarity. Loans which receive a DU Approve/Eligible Recommendation or LP Accept/Eligible Response and satisfy a limited number of underwriting overlays generally meet Radian's eligibility criteria.

Eligibility is also available for Standard underwriting, including Non-AUS, AUS ineligible recommendations, manual underwrites, and Construction-to-Permanent 12 month commitments; in addition to Non-Prime Credit and **Delegated** Non-Agency Jumbo loans.

To make it easier to locate the requirements specific to your loan, the Policy section of our guidelines is organized into three chapters:

1. Doing Business with Radian

Here you can learn about general eligibility criteria, underwriting types, submission options, commitment details and activation.

2. One Underwrite

This chapter provides the underwriting criteria and program requirements for Radian's *One Underwrite* Program.

3. Standard; Delegated Non-Agency Jumbo and Non-Prime Credit

For loans that do not meet *One Underwrite* eligibility, standard underwriting guidelines are provided in addition to eligibility details for **Delegated** Non-Agency Jumbo and Non-Prime Credit.

As you navigate the guidelines you will find **Bookmarks** displayed on the left side of the Adobe Acrobat Reader® screen that can be used to easily 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.

In addition, **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.RADIAN1 (723.4261) or your Radian representative.

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Section I – Eligibility Matrices

The Eligibility Matrices can be used to quickly identify eligibility criteria specific to the transaction and property type. One matrix is provided which identifies *One Underwrite* eligibility while the remaining matrices apply to Standard Eligibility, **Delegated** Non-Agency Jumbo loans and Non-Prime Credit. Please see the Policy section of our manual for complete underwriting guidelines.

One Underwrite

A loan receiving a DU/DO Approve/Eligible Recommendation OR an LP Accept/Eligible Response is eligible subject to the following five underwriting overlays:

- Minimum FICO score 680 for LTV > 95%; 620 for LTVs ≤ 95%
 - Minimum 3% contribution from *Occupant Borrower Own Funds**
 - *Investment** property excluded
 - 3-4 unit property excluded
 - Attached condominium/co-operative in Clark County, NV and Miami-Dade; Broward County, FL excluded
- *Please see Radian's published guidelines for detailed term definition*

(DU Refi Plus; LP Open Access Refinance and Construction-to-Permanent 12 month commitment excluded)

Property Type	Maximum LTV	Maximum Loan Amount	Minimum Credit Score	Maximum Debt-To- Income Ratio
Primary Residence; Purchase; Rate/Term Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium; Co-operative	97%	\$417,000; AK & HI \$625,500	680	Eligible per DU/DO
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium; Co-operative	95%	\$417,000; AK & HI \$625,500	620	Eligible per DU/DO or LP
Manufactured Housing		\$533,850; AK & HI \$800,775		
2 Unit				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium; Co-operative	90%	DU High Balance/ LP Super Conforming Not to exceed FHFA** permanent high-cost limit	620	Eligible per DU/DO or LP
Manufactured Housing				
Primary Residence; Cash-Out Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium; Co-operative	85%	\$417,000; AK & HI \$625,500	620	Eligible per DU/DO or LP
Second Home; Purchase; Rate/Term Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium; Co-operative	90%	\$417,000; AK & HI \$625,500	620	Eligible per DU/DO or LP
Manufactured Housing				

**The subject property must be located in an FHFA designated high cost area.

One Underwrite eligibility reflects that which is published and available through Freddie Mac LP and/or Fannie Mae DU including MyCommunity Mortgage.

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Standard Eligibility

(Applicable **only** for loans that do not meet One Underwrite eligibility)

General Exclusions:

GSE non-warrantable condominium, co-operatives and planned unit development projects;
Attached condominiums and co-operatives in Clark County, NV and Miami-Dade; Broward County, FL;
LTV > 90% for properties located in Guam

Property Type	Maximum LTV	Maximum Loan Amount	Minimum Credit Score/ Maximum DTI	Exclusions Specific
Primary Residence; Purchase; Rate/Term Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium	97%	\$417,000; AK & HI \$625,500	720/41%	Amortization term > 30 years; ARMs; Temporary Buy downs; Balloon Mortgages; Non-traditional credit
	95%	\$417,000; AK & HI \$625,500	680/41% 720/45%	ARMs with initial fixed term < 5 years; Non-traditional credit > 41% DTI
	90%	\$417,000; AK & HI \$625,500	680/41% 720/45%	Non-traditional credit > 41% DTI
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium; Co-operative	90%	Agency High Balance Not to exceed FHFA* permanent high-cost limit	700/41% 720/45%	ARMs with initial fixed term < 5 years; Non-traditional credit; Properties located in Guam
Co-operative	90%	\$417,000; AK & HI \$625,500	680/41% 720/45%	Non-traditional credit
Manufactured Housing			680/41%	ARMs with initial fixed term < 7 years; Amortization term > 30 years; Non-traditional credit
2 Unit	95%	\$533,850; AK & HI \$800,775	680/38%	ARMs; Non-traditional credit
Construction-to-Permanent 12 month commitment				
Single Family, detached	95%	\$417,000; AK & HI \$625,500	680/41% 720/45%	Non-traditional credit; Properties located in AZ, FL, MI, NV and Guam; ARMs with initial fixed term < 5 years; Temporary Buy downs
	90%	Agency High Balance Not to exceed FHFA* permanent high-cost limit	700/41% 720/45%	
Primary Residence; Cash-Out Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium, detached	85%	\$417,000; AK & HI \$625,500	720/41%	Properties located in AZ, CA, FL, MI, NV and Guam; ARMs; Temporary Buy downs; Non-traditional credit
Second Home; Purchase; Rate/Term Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium	90%	\$417,000; AK & HI \$625,500	720/45%	ARMs; Properties located in FL or Guam; Non-traditional credit
	85%			Properties located in FL or Guam; Non-traditional credit

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*The subject property must be located in an FHFA designated high cost area.

Delegated Non-Agency Jumbo

General Exclusions:

Non-delegated submission; GSE Streamline Documentation; Second Homes; Non-traditional credit; Amortization term > 30 years; ARMs with initial fixed term < 5 years; Temporary Buy downs; Balloon features < 15 years; Construction-to-Permanent 12 month commitment; GSE non-warrantable condominium, co-operatives and planned unit development projects; Attached condominiums and co-operatives in Clark County, NV and Miami-Dade; Broward County, FL

Property Type	Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score	Maximum Debt-To- Income Ratio
Primary Residence; Purchase; Rate/Term Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium	90%	\$850,000	720	41
	90%	\$650,000	720	45
	85%	\$750,000		
Co-operative	Not Eligible			
Manufactured Housing				
2-Unit				

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Non-Prime Credit

General Exclusions:

GSE Streamline Documentation; Second Homes; Non-traditional credit; Construction-to-Permanent 12 month commitment;
Properties located in Guam; GSE non-warrantable condominium, co-operatives and planned unit development projects;
Attached condominiums and co-operatives in Clark County, NV and Miami-Dade; Broward County, FL

Property Type	Maximum Loan To Value Ratio	Maximum Loan Amount	Minimum Credit Score/ Maximum DTI	Exclusions Specific
Primary Residence; Purchase; Rate/Term Refinance				
Single Family, detached and attached, includes Planned Unit Development (PUD); Condominium	95%	\$417,000; AK & HI \$625,500	680/41%	ARMs
	90%			ARMs with initial fixed term < 5 years
Co-operative	Not Eligible			
Manufactured Housing				
2-Unit				

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Section II – Policy Chapters

1 Doing Business with Radian

A. General Eligibility

The following information applies to all Radian insured loans.

1. Loan Features

a. Loan Origination

Radian insures first lien mortgages only. The loan must have been originated as a full documentation loan. Third party originations are eligible.

b. Credit Quality

Prime and Non-Prime mortgage insurance coverage is available and issued under separate qualifying criteria.

Prime: Industry A credit extended to borrowers considered to be the most credit worthy and qualified to borrow at the market's best interest rate.

Non-Prime: Industry A Minus credit extended to borrowers unable to meet Prime credit eligibility requirements as defined within these guidelines or for loans receiving a non-prime credit AUS Underwriting Response.

c. Transaction

Coverage is available on mortgage loans used to purchase or refinance a primary residence or second home. Radian also insures Fannie Mae's HomeStyle rehabilitation/renovation loans through our One Underwrite program. Radian does not insure loans used to finance investment property.

[Link to Investment Property](#)

d. Subject property location

Loans securing property located within the United States and Guam are eligible, certain restrictions apply. Radian does not insure property located in Puerto Rico or the U.S. Virgin Islands.

2. Borrower

a. Identification

Radian provides mortgage insurance on loans to Individuals and Inter vivo revocable trusts that meet standard Fannie Mae/Freddie Mac requirements.

The submitting lender must validate the identity of the borrower.

All borrowers on the mortgage loan must have a valid social security number and reached the age at which a mortgage note is legally enforceable.

Borrowers with an Individual Tax Identification Number (ITIN) in lieu of a Social Security number are not eligible.

b. Citizenship Status

The borrower may be a U.S. Citizen, permanent resident alien, or a non-permanent resident alien.

The borrower must be subject to all United States laws and regulations. Borrowers with diplomatic immunity are not eligible.

c. Relocation Borrowers

Guidelines specific to Relocation Borrowers are not offered. However, in certain cases, favorable pricing is available for Relocation Borrowers who meet the following conditions. Please see rate cards for details.

- The borrower is purchasing a primary residence.
- The borrower is a transferred or new employee.
- The borrower is participating in a formal Relocation program administered by the employer or its agent.
- The employer contributes to mortgage loan financing through the payment of closing costs, discount points or pre-paid items.

3. Occupancy Status

Occupancy type is a component of mortgage insurance eligibility. Radian provides insurance on mortgages secured by property occupied by the borrower as a primary residence or second home. Radian does not insure mortgages secured by investment property.

The terms under which Radian will insure an owner occupied property vary depending on whether the property is classified as a primary residence or second home. As a result, for mortgage insurance qualification purposes, Radian provides primary residence and second home occupancy classification requirements. To ensure proper underwriting, all delegated and non-delegated mortgage insurance applications must accurately identify occupancy type. Prior to submission, the lender is to confirm the occupancy type selected on the mortgage insurance application is consistent with Radian's occupancy classification requirements and supported by documentation contained within the loan file.

It may be necessary for a lender to perform due diligence before selecting an occupancy type on the mortgage insurance application when the loan details do not provide adequate motivation or clear intent. In these instances, it is prudent for the submitting lender to include with their mortgage insurance application, a summary of the actions taken which provided the details necessary to confirm their selection. Examples of loan file circumstances which may benefit from lender explanation include:

- 1) Borrower currently owns a primary residence in close proximity to the subject property.
- 2) Borrower currently owns a property in the subject market area which competes with the subject property in regards to features and benefits.
- 3) Borrower has acquired other real estate within the past twelve months or is in the process of purchasing other real estate.
- 4) Borrower is purchasing a home that requires significant updates or improvements to align condition with that which is typical for the neighborhood.
- 5) Borrower currently cohabits the primary residence owned by their non-entering spouse/domestic partner.

In the event actions taken by a lender do not provide the details necessary to confirm occupancy type classification, the file may be forwarded to the Service Center for a non-delegated underwriting review provided it is identified accordingly (not available for **Delegated** Non-Agency Jumbo or HARP loans due to delegated submission requirements).

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a. Primary Residence

Radian considers the occupancy of a property to be a primary residence when:

- The property characteristics are adequate to accommodate the borrower's immediate dependent family.
- 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).

- For purchase and construction conversion transactions:
 - The borrower states an intention to occupy the property as a primary residence, and occupancy will occur no later than (60) days from the date the loan is closed.
- For existing property refinance transactions:
 - The borrower occupies the property as a primary residence at the time of loan application, and it is the borrower's address of legal record.
- 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:

- The borrower does not currently own improved property in the market area.
- The property will be 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.

c. Investment Property

Radian does not insure investment property. For purposes of Radian ineligibility, the definition of which includes the following:

- 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".
- A non-owner occupant co-borrower transaction when the occupant borrower does not contribute qualifying income.
- The purchase or refinance of a property of which the borrower does not intend to occupy as a primary residence or second home according to the terms of the note and mortgage.

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4. Property

Radian does not insure 3–4 unit properties, mobile homes, time-share properties or lot loans. Each eligible property type is defined below. All properties are subject to Minimum Property Standards and must be complete and habitable prior to commitment activation.

[See *One Underwrite* for HomeStyle renovation loan exception.](#)

a. Eligible Property Type Defined

Single Family Residence

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

Planned Unit Development (PUD); Condominium

PUD or Condominium classification can be determined by the legal description.

- 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.

Co-operatives

- A one unit attached home.
- Held in fee simple estate.
- Designed for residential use.
- Consists of five or more units.
- Form of ownership in which the buyer obtains shares in a corporation which owns the building where the unit is located.

2 Unit Properties

- 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.

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.

b. Minimum Property Standards

The subject property must:

- 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. Underwriting and Submission

1. Underwriting Type

Radian provides for both delegated and non-delegated underwriting, the choice of which will determine how a file is submitted and commitment obtained.

Non-delegated underwriting requires submission to a Radian Service Center or Radian on-site contract underwriter. Lenders who have executed an Underwriting Review Agreement with Radian may submit loan files for compliance underwriting in addition to mortgage insurance eligibility.

Delegated underwriting requires a Radian Delegated Underwriting Endorsement to the submitting Lender's Master Policy.

Lenders who have been granted delegated underwriting authority are expected to use this authority, employ prudent judgment and underwrite all loans prior to ordering mortgage insurance.

The file must include adequate support for the underwriting decision. Radian reserves the right to request additional documentation, if upon review, the file is found to be insufficient.

A delegated lender may choose to submit a file non-delegated specifically those that present unique circumstances however once a file has been submitted non-delegated, the lender may not exercise delegated authority on the file.

2. Submission Date

All Mortgage insurance applications, regardless of the underwriting type must be submitted in compliance with these date restrictions:

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

3. File Delivery

Loan packages may be submitted for non-delegated underwriting through a variety of avenues:

a. Electronic Delivery

Register, check eligibility and upload your loan file via Radian's MI Online data transmission system www.mionline.biz.

b. Email

Send to Radian's Service Center via secured email to intake@radian.biz.

c. Fax

Fax to Radian's Service Center at 866.496.8764.

d. Overnight Delivery

Packages may be sent to:

Radian Guaranty Inc. Service Center
250 East Wilson Bridge Road, Suite 175
Worthington, OH 43085-2323

e. Blitz Docs

For specific information please contact our Customer Care team at 877.RADIAN1 (723.4261) or your Radian representative.

4. Loan Package

For Non-delegated lenders or Delegated lenders requesting a Non-delegated submission, Radian offers a variety of Loan Package options.

Radian will review each type of loan package for eligibility, however an appraisal must be provided in order to obtain a mortgage insurance commitment. Radian's decision on a submission without an appraisal will be communicated by a Lender Notice subject to the appraisal and any other loan-specific outstanding information.

a. Complete Loan Package

A property has been selected by the borrower. The mortgage insurance application includes both the sales contract and appraisal along with all required credit documents.

b. Credit Only

A property has been selected by the borrower. The mortgage insurance application includes all credit documents however the sales contract and/or appraisal are not currently available for review.

c. Pre-Qualification

A property has not been selected by the borrower. The mortgage insurance application includes all credit documents.

When submitting a pre-qualification please identify the property address as Radian's corporate address:

1601 Market Street
Philadelphia, PA 19103

For Delegated lenders only, Radian offers an additional submission option.

d. Radian ExpressTrackSM

A property has been selected by the borrower. The mortgage insurance application submitted to Radian for underwriting includes four documents: 1008, 1003, credit report and appraisal.

Radian reviews the credit report and appraisal to confirm eligibility. The submitting lender represents and warrants that the information presented and contained within the 1008 and 1003 has been properly documented, reviewed for accuracy and accepted as true and complete. In the event an AUS Recommendation is identified on the mortgage insurance application and used to satisfy *One Underwrite* eligibility, the lender must also represent and warrant the validity of the Findings/Feedback Report reporting the AUS Recommendation.

5. Loan Package Documentation

Depending on the transaction and type of Loan Package, all or some of the following documents are necessary to render a decision on the mortgage insurance application.

- A Radian Mortgage Insurance Application
Applications may be obtained through your Radian Representative or our Customer Care team at 877.RADIAN1 (723.4261).
- Initial 1003, signed and dated by the interviewer (and borrower if available).
- Final 1003/1008

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- DU Findings Report/LP Feedback Certificate, if applicable.
- Credit Report
- Income/employment verification
- Verification of down payment and reserves
- Purchase Agreement if applicable
- Appraisal in PDF format
- Additional documentation as needed to support the mortgage insurance application.

C. Mortgage Insurance Commitment

1. Conditions

At the time of submission and activation the insured lender must be an active Radian Master Policy holder.

Mortgage insurance commitments that have yet to be activated may only be cancelled by the submitting lender.

a. Term

Mortgage insurance commitments are issued by Radian with a commitment term of 120 days.

A 12 month commitment is available under Standard eligibility for loans which meet Construction-to-Permanent qualifying guidelines (One Underwrite eligibility excluded).

[Link to Construction-to-Permanent](#)

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.

c. Pricing

The cost of Radian's mortgage insurance options can be found on our published rate cards located at <http://www.radian.biz/page?name=RatesAndGuidelinesNew>.

1) Non-traditional Credit

Loan files which do not contain any FICO score and therefore are qualified using non-traditional credit references are priced using the lowest credit score offering specific to the transaction. These no FICO, non-traditional credit loan files are not eligible for Radian's SplitEdge® program.

d. 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 through Radian's receipt of the initial premium due along with the reported date on which the loan closed, or in the case of deferred premium payment option, report the date to Radian on which the loan closed.

e. 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

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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.

1) Resubmission Tolerance

In the event the borrower discloses or the lender discovers additional debt(s), the loan will not require requalification if:

- The debt-to-income (DTI) ratio does not exceed the lower of published guidelines, 45%, or the DTI ratio increase is < 3% (if the calculated DTI ratio is less than 45%).
- A new credit report is obtained and the representative credit score continues to meet published guidelines.

In all cases, any change to the loan file must be documented on a revised 1003 provided prior to certification.

2. Delegated Commitments

Radian provides delegated lenders the opportunity to obtain a mortgage insurance commitment in one of the following ways:

a. The loan information may be entered into Radian’s MI Online, data transmission system.

It is important to note, *Radian’s MI Online system validates the eligibility of specific loan features however it is not an underwriting system.*

The lender is required to adhere to Radian’s published guidelines and any representations/warranties associated with their delegated underwriting authority endorsement.

b. The loan information may be transferred through EDI Transmission.

c. The loan information may be submitted to a Radian Service Center.

Please provide a completed, signed 1008 with the FICO-based credit score clearly noted and applicable AUS Underwriting Recommendation/Response.

Delegated lenders will be asked to provide channel information when requesting a commitment.

Please identify channel according to the following definition:

- | | |
|----------------|--|
| Retail: | Submitting Lender took loan application. |
| Wholesale | Submitting Lender did not take loan application. |
| Correspondent: | Submitting Lender did not take loan application but they are the investor buying the loan. |

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2 One Underwrite

Loan files which are submitted with an Eligible AUS Recommendation/Response and satisfy a limited number of underwriting overlays qualify for Radian mortgage insurance.

Fannie Mae and Freddie Mac analyze credit characteristics and risk features through their proprietary automated underwriting systems (AUS) to identify first lien mortgage loans of prime credit quality. Radian recognizes the value of this assessment and will allow certain prime credit recommendations/responses in conjunction with a limited number of underwriting overlays to satisfy eligibility requirements. Although Radian presents this opportunity to our lending partners, we promote prudent underwriting and risk assessment as an inherent part of responsible lending and anticipate our clients will complete appropriate due diligence when submitting a loan for mortgage insurance coverage.

A. Eligibility

Radian will insure Agency Eligible loans receiving a Prime credit recommendation/response through the use of Radian Delegated and Non-delegated underwriting subject to the following:

1. Agency Automated Underwriting Systems (AUS)/Recommendation/Response

Fannie Mae – Desktop Underwriter (DU) Approve/Eligible Recommendation. DU eligibility includes Desktop Originator (DO).

Freddie Mac – Loan Prospector (LP) Accept/Eligible Response.

- a. A recommendation/response specific to a DU Refi Plus or LP Open Access Refinance is not eligible.
- b. Specific lender approvals or variances to a lender's master agreement issued by Fannie Mae/Freddie Mac are excluded with the exception of:
 - Fannie Mae's HomeStyle renovation mortgages.
 - Mortgages secured by properties located in Guam.
 - A co-operative share loan.
 - Secondary financing in conjunction with Affordable Housing programs.
- c. Loans submitted to an Agency Custom AUS or Non-Agency AUS; or loans receiving any recommendation/response other than DU Approve/Eligible or LP Accept/Eligible, must meet standard Radian published guidelines.

[Link to Program Considerations](#)

[Link to Chapter 3 Standard; Delegated Non-Agency Jumbo and Non-Prime Credit](#)

2. Underwriting Overlays

In addition to a DU Approve/Eligible Recommendation or LP Accept Eligible Response, the loan must meet each of the following underwriting overlays.

- a. FICO score \geq 620; 680 for LTVs > 95%
- b. A minimum 3% contribution from *Occupant Borrower Own Funds*.

[Link To Occupant Borrower Own Funds](#)

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- c. Investment property is not eligible.
[Link to Investment Property](#)
- d. 3–4 units are not eligible.
- e. Attached condominiums in Clark County, Nevada and Miami-Dade; Broward County, Florida are not eligible.

3. Maximum Loan Amount

Eligible per the AUS.

4. Subordinate Financing

Eligible per the AUS.

5. Loan Features: Amortization; Adjustable Rate Mortgages; Temporary Buy downs

Eligible per the AUS.

B. DU/LP Findings and Feedback Reports

1. Identification

The final AUS Findings/Feedback Report, a result of the most recent submission, must be included in the loan file. Eligibility details, including special program considerations, must be identifiable.

2. Conditions/Alerts

All conditions identified within the Findings/Feedback Report must be satisfied as required by respective Agency guidelines. Red flags identified within the Findings/Feedback Report are to be addressed within the loan file.

3. Compliance

The loan must close according to the terms and conditions of the AUS Findings/Feedback Report. Resubmission tolerances as identified by the respective Agency are permitted.

C. Data Integrity

The transmission of accurate loan data to the Agency AUS is critical to the meaning and effectiveness of the AUS assessment. Therefore the submitting lender is responsible to verify and confirm the accuracy of the data submitted to the Agency AUS which result in the Eligible Underwriting Recommendation/Response. This includes but is not limited to the Borrower's credit history, source and amount of qualifying income and assets, transaction and property type.

D. Documentation

1. Age of Documents

Follow applicable Fannie Mae/Freddie Mac guidelines.

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2. Documentation Type

Radian follows applicable Fannie Mae/Freddie Mac requirements for the type of documentation required to support specific sources of qualifying income and assets.

Radian will accept streamlined documentation as permitted within the applicable AUS recommendation/response. However, consistent with Fannie Mae/Freddie Mac guidance; there may be instances where AUS streamlined documentation is not sufficient to adequately support the loan details as submitted. On these occasions, the lender must identify and require the documentation necessary to support the loan details and subsequent AUS recommendation/response.

3. Transaction

The terms and definition of the transaction, including Interested Party Contributions (IPCs), must meet standard Fannie Mae/Freddie Mac requirements.

E. Consideration(s) Outside of AUS

1. Loan Details

At times, Fannie Mae and Freddie Mac identify loan details and circumstances which are not captured and/or considered with the AUS. These may vary depending on effective date, system limitations or scheduled upgrades. Files which include loan details not considered within the applicable AUS recommendation/response, including but not limited to required reserves, derogatory credit waiting periods, and multiple financed property limitations, must be given manual underwriting consideration to confirm the loan file continues to meet applicable agency guidelines. In the event the file no longer meets applicable agency guidelines, the loan is no longer eligible for *One Underwrite* and must meet standard published guidelines.

[Link to Chapter 3 Standard; Delegated Non-Agency Jumbo and Non-Prime Credit](#)

As a result of the DU 9.0 update, lenders must now perform a manual calculation of the required minimum reserves for:

- Current Principal Residence – Pending Sale;
- Current Principal Residence – Converting to Second Home;
- Current 1–4 unit Principal Residence – Converting to Investment Property.

2. Underwriting Assessment

When approving a loan as a result of an AUS Recommendation, employ prudent underwriting judgment in assessing the appropriateness of the AUS Recommendation.

- Confirm the accuracy of the data submitted, making sure the submission did not fail to include any data that might have affected the AUS recommendation had it been known.
- Ensure that the loan complies with all of the verification messages and approval conditions specified in the AUS Underwriting Findings report.
- Apply due diligence when reviewing the documentation in the loan file.
- Review the credit report to confirm that the AUS evaluated credit report data with respect to the borrowers' credit history was accurate and complete.

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- Determine if there is any potentially derogatory or contradictory information that is not part of the data analyzed by the AUS.
- Take action when erroneous data in the credit report or contradictory or derogatory information in the loan file would justify additional investigation or potentially deliver a decision that is different from the AUS recommendation.

3. Property Flips

The potential increased risk associated with a property flip may not be specifically considered within the scope of the AUS recommendation/response. As a result, the sale of a property recently acquired by the seller after a brief holding period typically for profit must be given consideration outside of the AUS recommendation/response. The expectation exists that any non-arms length transaction or increase in value be documented and analyzed to ensure the risk presented within the transaction is appropriate.

4. Underwriting Overlays

Depending on the transaction and property type, Radian's requirement for 3% *Occupant Borrower Own Funds* may conflict with the AUS down payment requirements.

- In the event the DU Recommendation does not require a minimum contribution from *Occupant Borrower Own Funds*, Radian's minimum 3% requirement applies.
- For LP loans, it may be necessary to exceed Radian's requirement for a minimum 3% contribution from *Occupant Borrower Own Funds*, in order to satisfy the conditions of the LP Response.

[Link to *Occupant Borrower Own Funds*](#)

Radian's exclusion of investment property may conflict with the GSE eligibility of an AUS transaction. Please see Radian's definition of investment property for details.

[Link to Investment Property](#)

F. Program Considerations

1. MyCommunity Mortgage/Home Possible

The AUS Recommendation may be specific to Fannie Mae's MyCommunity Mortgage or Freddie Mac's Home Possible programs, however Radian's overlays remain in effect.

2. HomeStyle Renovation

Radian will accept Renovation loans approved, closed and delivered in compliance with Fannie Mae's HomeStyle Renovation program. Fannie Mae loan feature restrictions apply.

3. Conversion of Construction-to-Permanent

AUS Recommendations specific to Construction-to-Permanent loan files are subject to Radian's commitment term of 120 days. The home must be complete and habitable including a Certificate of Occupancy prior to activation of the commitment.

[Link to Postponed Improvements](#)

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A Construction-to-Permanent 12 month commitment is available under Standard Eligibility only.
[Link to Construction-to-Permanent under Standard guidelines](#)

G. Project Acceptance

For both delegated and non-delegated submissions, the submitting lender must determine whether the Planned Unit Development, Condominium or Co-operative project is warrantable under the applicable Fannie Mae/Freddie Mac eligibility requirements. This determination must include an evaluation of the integrity of all data submitted to obtain a Fannie Mae/Freddie Mac project approval.

1. Planned Unit Development (PUD)

Project Acceptance

An attached unit within a Planned Unit Development project must meet Fannie Mae or Freddie Mac warranty requirements.

2. Condominium

Project Acceptance

The sustainability of a condominium project is an important underwriting consideration influenced by a number of factors, including but not limited to: investor concentration, non-residential use, percentage of units owned by a single entity and the financial strength of the homeowners association. A project warranted as meeting Fannie Mae/Freddie Mac eligibility requirements may suggest the characteristics of the project present acceptable risk. However, there may still exist unfavorable or atypical features or influences which can present a layering of risk, warranting underwriter evaluation. Radian reserves the right to limit eligibility including the number of units insured within a project when the project or transaction presents unique risk or unusual circumstances. Lenders using their delegated authority are also encouraged to exercise caution under these circumstances.

- 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.

3. Co-operatives

Project Acceptance

A co-operative unit must meet Fannie Mae or Freddie Mac warranty requirements.

H. Value/Property Considerations

1. Appraisal

a. Compliance

The appraisal must be initiated, completed and prepared in compliance with:

- Uniform Standards of Professional Appraisal Practice (USPAP).
- Federal Housing Finance Agency (FHFA) Appraisal Independence Requirements (AIR).

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b. Report

Radian will accept as identified within the Findings/Feedback Report, the appraisal/property inspection to be performed and the form on which it is to be reported. In the event the inspection or report is not adequate to identify property type or ensure the loan meets minimum property standards, the lender will need to provide supplemental detail.

1) Form

Radian will accept as identified within the Findings/Feedback Report, the appraisal/property inspection to be performed and the form on which it is to be reported.

2) Adequate property identification

In the event the inspection or report is not adequate to identify property type or ensure the loan meets minimum property standards, the lender will need to provide supplemental detail.

3) Uniform Appraisal Dataset (UAD)

Appraisal reports as required by Fannie Mae and Freddie Mac must provide Uniform Appraisal Dataset.

c. Adjustment to value

Any adjustment to value based on a field/desk review must follow respective Agency guidelines. All appraisal/property inspection reports and field/desk reviews obtained on the subject property must be included in the loan file.

2. Postponed Improvements

The type and terms of postponed improvements are accepted subject to applicable Agency requirements and restrictions.

3 Standard; Delegated Non-Agency Jumbo and Non-Prime Credit

The guidelines contained within this chapter apply to all loans which do not meet One Underwrite eligibility.

Loans subject to the following guidelines include:

- Standard: The loan amount conforms to Agency loan limits for the area in which the property is located.
 - Fannie Mae/Freddie Mac loans which do not receive an Approve/Eligible Recommendation or Accept/Eligible Response.
 - Loans that are manually underwritten, including agency and non-agency loans.
 - Construction-to-Permanent 12 month commitment.
- Delegated Non-Agency Jumbo: The loan amount exceeds Agency loan limits for the area in which the property is located.
 - Loans retained in portfolio by the originating lender.
 - Loans sold to an investor other than Fannie Mae or Freddie Mac.
- Non-Prime Credit: The loan does not meet industry Prime credit standards.
 - Loans that are manually underwritten, including agency and non-agency loans.
 - Loans that receive a non-prime credit AUS Underwriting Recommendation/Response.

A. Specific Eligibility

1. Maximum Loan Amount

See the table below for maximum loan amount specific to loan type. For corresponding loan-to-value ratio requirements and eligibility details, please consult the Eligibility Matrices.

[Link to Eligibility Matrices](#)

Maximum Loan Amount		
Standard Agency General Loan Limits	One Unit	\$417,000 \$625,500 AK, HI
	Two Units	\$533,850 \$800,775 AK, HI
Standard Agency Permanent High-Cost Area Loan Limits Restricted to FHFA designated high-cost areas	One Unit	Maximum loan amount eligible for the area in which the property is located. Not to exceed \$625,500 (higher in limited Hawaii locations)
Delegated Non-Agency Jumbo	One Unit	\$850,000
Non-Prime Credit	One Unit	\$417,000 \$625,500 AK, HI

For Standard loans, Radian’s maximum eligible loan amount is the same as the Agency maximum eligible loan amount. Maximum eligible loan amounts are not restricted to Agency loans, non-agency loans are eligible. In most areas of the country Agency General Loan Limits apply. However in an FHFA designated high cost area, Agency Permanent High-Cost Area Loan Limits are available. In order to utilize Agency Permanent High-Cost Area limits the property must be located in an FHFA designated high cost area and the loan amount may not exceed the maximum loan amount eligible for the area in which the property is located.

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Areas designated as high cost and their corresponding maximum loan limits can be located on the FHFA website. <http://www.fhfa.gov/Default.aspx?Page=185>

2. Standard: Construction-to-Permanent

a. Defined

The label Construction-to-Permanent is used within Radian's guidelines to specifically reference the 12 month commitment term available on new construction purchase transactions and construction conversion refinance transactions. It is not used to identify a type of financing or stage of eligible construction. New construction transactions are identified as a purchase or a construction conversion refinance. The label Construction-to-Permanent distinguishes the 12 month commitment from all other 120 day commitments issued by Radian.

[Link to New Construction](#)

b. Loan Eligibility

Only those loans that are structured to provide the permanent financing for a completed new construction property are eligible for Radian mortgage insurance. Radian does not insure construction-only loans or any loans during a construction period. Coverage eligibility is available on a single close construction transaction only if the loan documents provide for permanent financing terms and the loan converts to permanent financing.

c. Purpose

In the event Radian's 120 day commitment term will not accommodate the property completion date and subsequent initiation or closing of the permanent financing, a Construction-to-Permanent, 12 month, commitment term may be requested when initially ordering mortgage insurance. This commitment provides guideline and pricing assurance during the construction period however does not expand on the coverage provided.

d. Commitment Term Changes; Initiating Mortgage Insurance Coverage

A 120 day mortgage insurance commitment is not eligible for extension past its scheduled expiration date and is not eligible for conversion to a Construction-to-Permanent 12 month commitment. A request for a change in commitment validity period requires the submission of a new mortgage insurance application.

Subject to a valid commitment, coverage begins at the time Radian is notified that the permanent financing loan is closed. Coverage may be activated on a loan, of which all proceeds were used to fund construction of the subject property, at the time the home is complete and the loan converts to permanent financing. The close date reported for mortgage insurance purposes is the date the loan converts to permanent financing.

e. Eligibility and Qualification

A Construction-to-Permanent 12 month commitment is not eligible for One Underwrite, **Delegated** Non-Agency Jumbo or Non-Prime credit.

Credit documents may be no more than 120 days old on the date the note is signed or the date the loan converts to permanent financing. When the commitment resulted from a non-delegated underwriting review, Radian review of updated documents prior to initiating coverage is available but not required to maintain the loan's non-delegated underwriting approval. For both non-delegated and delegated underwriting submissions, the submitting lender is responsible to ensure that the information contained in all updated documents

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support the loan information contained within the mortgage insurance application at the time the commitment was issued. Radian’s underwriting resubmission tolerance applies. [Link to Post Commitment Data Changes](#)

The loan on which a 12 month Construction-to-Permanent commitment term is requested must meet all Radian’s Standard underwriting qualification and eligibility requirements (One Underwrite eligibility is excluded) in addition to the following:

- One-unit, single family, detached homes only.
- Any construction loan financing in the borrower’s name must evidence 0 x 30 during the construction period.
- Rental income from the borrower’s current primary residence cannot be considered in qualifying the borrower.
- A copy of the Certificate of Occupancy is to be obtained by the lender and retained in the loan file.

Construction-to-Permanent Exclusions	
Radian Programs	One Underwrite; Delegated Non-Agency Jumbo; Non-Prime Credit
Credit	Non-traditional
Occupancy	Second Home
Transaction	Cash-out, whether Purchase or Refinance
Loan Features	Amortization term > 30 years; ARMs with initial fixed term < 5 years; Temporary Buy downs; Balloon Mortgages
Property Location	AZ, FL, NV, MI, GU.

3. Delegated Non-Agency Jumbo

Delegated Non-Agency Jumbo loans require a delegated submission. As a result only lenders who have been granted **Radian’s standard Delegated** Underwriting Authority Endorsement are eligible to submit a **Delegated** Non-Agency Jumbo loan for mortgage insurance coverage.

Delegated Non-Agency Jumbo Exclusions	
Credit	Non-traditional; Non-prime
Occupancy	Second Home
Transaction	Cash-out Refinance
Loan Features	Amortization term > 30 years; ARMs with initial fixed term < 5 years; Temporary Buy downs; Balloon features < 15 years
Property	2 unit; co-operative; manufactured home; GSE non-warrantable condominium, co-operatives and planned unit development projects; Attached condominiums and co-operatives in Clark County, NV and Miami-Dade; Broward County, FL

4. Non-Prime Credit

[Link to Non-Prime credit eligibility requirements](#)

Non-Prime Exclusions	
Credit	Non-traditional
Occupancy	Second Home
Transaction	Cash-out Refinance
Loan Features	ARMs with initial fixed term < 5 years
Property	2 unit; co-operative; manufactured home; GSE non-warrantable condominium, co-operatives and planned unit development projects; Properties located in Guam, attached condominiums and co-operatives in Clark County, NV and Miami-Dade; Broward County, FL

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B. General Terms

1. Borrower Eligibility

a. Non-Permanent Resident Aliens

A non-permanent resident alien must be legally present, with the opportunity to remain, in the United States. Evidence of a two year credit and employment history in the United States is required.

b. Non-occupant Co-Borrowers

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

- 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 meet the minimum equity/cash down payment from their own funds.

[Link to Credit Considerations](#)

2. Documentation

a. Full or Standard Documentation

Mortgage insurance applications are to include documentation sufficient to meet Fannie Mae/Freddie Mac defined requirements for **full/standard** documentation.

Radian follows Fannie Mae/Freddie Mac requirements for the type of documentation required to support specific sources of qualifying income and assets.

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

- Standard Fannie Mae guidelines if the submission contains a DU Findings Report.
- Standard Freddie Mac guidelines if the submission contains an LP Feedback Certificate.
- 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/Response.

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

3. 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. Eligibility and pricing are based on the LTV.

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.

a. Subordinate Financing

1) Purchase and Cash-out Refinance transactions

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

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

2) 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. Combined Loan-to-Value Ratio (CLTV and HCLTV)

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

1) Combined Loan-to-Value (CLTV)

Loan amount of the first mortgage + the unpaid balance of any closed end subordinate financing divided by the property value.

2) Home Equity Combined Loan-to-Value (HCLTV)

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.

3) Gross Loan-to-Value (GLTV) Ratio

- The Gross LTV ratio is equal to the total loan amount plus the financed portion of a borrower paid mortgage insurance premium, divided by the property value.
- The borrower may finance any portion of a borrower paid up-front mortgage insurance premium, applicable state tax excluded, not to exceed a Gross LTV Ratio of 100%.

4. Transaction Types

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](#)

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- 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).
 - 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.

Restrictions

- Continuity of obligation must be demonstrated.
- Properties located in the state of AZ, CA, FL, MI, NV and Guam are not eligible.
- The subject property may not have been purchased or listed within six months of the loan application date.
- 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.
- Non-traditional credit, ARMs, temporary buy downs are not eligible.

5. Transaction Characteristics/Property Features

a. 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."

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- Properties owned less 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.

b. 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. Installment land contracts are not eligible as a Cash-out Refinance transaction.

- 1) 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.
- 2) 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.

c. New Construction

Radian will insure a New Construction Purchase or a Construction Conversion Refinance transaction provided the loan on which coverage is requested provides the permanent financing for a completed new construction property. Radian does not insure construction-only loans or any loans during a construction period.

For qualification purposes, Radian distinguishes new construction property by transaction and commitment term. Both new construction purchase and construction conversion refinance transactions are eligible for Radian's 120 day commitment or the Construction-to-Permanent 12 month commitment. However, only Radian's 120 day commitment term is eligible for One Underwrite. All extended Construction-to-Permanent 12 month commitments must meet standard underwriting qualification and eligibility requirements.

[Link to Construction-to-Permanent](#)

1) New Construction Purchase

- The borrower, who is not the owner of the lot at the time of loan application or a party to the construction financing, executes a contract to purchase a new construction

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property. Value for qualifying purposes is the lesser of the purchase price or completed as is value.

2) Construction Conversion Refinance

- The borrower, who held legal title to the lot prior to application, applies for permanent financing to pay off the interim construction loan on which they are obligated and identified as the borrower. The builder/developer is not obligated to repay the Interim Construction Financing or any Mortgage on the land or the improvements. Value for qualifying purposes is the completed as is value.

C. Borrower

1. Borrower Credit Classification and Evaluation

A borrower is classified as meeting Prime or Non-Prime credit eligibility. The criteria for each are contained within this chapter. A borrower may qualify for Prime credit through the use of traditional or non-traditional credit evaluation however Non-Prime credit is limited to traditional credit evaluation.

Credit classification is determined based on the following:

- 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, Radian requires an established minimum credit history with complete and accurate identification of the borrower’s prior and current credit obligations.

a. Prime Credit

1) Traditional Credit 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.
- 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:

Mortgage or Rental History Including HELOC(s) and subordinate financing	0 x 30 in the past 12 months. Must be current at the time of loan application and closing.
Short sale <i>principal forgiveness, used to facilitate a purchase, refinance or modification, received by the borrower effectively reducing the amount owed</i>	Minimum 48 months since the date short sale occurred and re-established satisfactory credit.
Bankruptcy	Minimum 48 months since the discharge/dismissal date, with satisfactory credit established.
Foreclosure; Deed in Lieu of Foreclosure	Minimum 60 months since the date of foreclosure, deed-in-lieu of foreclosure occurred and re-established satisfactory credit.
Judgments; Tax Liens	Any judgment or lien which may impact title must be satisfied.

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.

2) Non-traditional credit requirements

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
- Maximum 41% DTI
- Purchase or Rate/Term Refinance
- Primary residence
- Single family, attached or detached PUD or condominium

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- Maximum loan amount of \$417,000; \$625,500 AK, HI
- Arms length transaction
- Non-delegated submission

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:**

Mortgage or Rental History	0 x 30 in the past 12 months. Must be current at the time of loan application and closing.
Non-traditional Credit Reference	No more than 1 x 30 in the past 12 months.
Traditional Credit Reference	No more than 1 x 30 in the past 12 months
Judgments, Collections, Profit & Loss write-offs, Garnishments, Repossessions, Tax Liens, Housing related default	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.

b. Non-Prime credit eligibility requirements

For loans receiving a Non-Prime credit AUS Underwriting Response, or for those not meeting Prime Credit eligibility, Non-Prime credit coverage is available subject to the following traditional credit history: Non-Prime credit is not eligible for Non-traditional credit qualification.

Mortgage or Rental History Including HELOC(s) and subordinate financing	Maximum 2 x 30 in the past 12 months. Must be current at the time of loan application and closing.
Short sale <i>principal forgiveness, used to facilitate a purchase, refinance or modification, received by the borrower effectively reducing the amount owed</i>	Minimum 36 months since the date short sale occurred and re-established satisfactory credit.
Bankruptcy	Minimum 36 months since the discharge/dismissal date, with satisfactory credit established.
Foreclosure; Deed in Lieu of Foreclosure	Minimum 36 months since the date of foreclosure, deed-in-lieu of foreclosure occurred and re-established satisfactory credit.
Judgments; Tax Liens	Any judgment or lien which may impact title must be satisfied.

1) Credit Considerations

a) Recurring Obligations

Recurring monthly financial obligations must be considered in the Debt-to-Income (DTI) calculation when qualifying the borrower. These may include:

- Alimony, Child Support, Separate Maintenance payments
- Business debt in Borrower’s name
 - Required when obligation is not considered in cash flow analysis and file does not evidence debt is paid out of company funds.

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- Court ordered assignment of debt
- Co-signed Loans
 - Required when the file does not evidence the primary obligor (not the borrower) has been making the payments as agreed for a minimum of the most recent twelve months.
- Home Equity Lines of Credit
- Deferred Installment Debt
 - The minimum payment required at the time re-payment begins is to be included regardless of the deferment period.
 - Student loan monthly payments may be calculated at 2% of the original balance for qualifying purposes if the file does not contain evidence of the actual monthly payment.
- Installment Debt
- Lease Payments
 - To be included 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.
- Non-reimbursed Employee Expense
- Other Real Estate Owned
 - Expenses associated with a property owned by the borrower including, taxes, insurance and homeowner association fees.
 - Pending obligation to begin reverse mortgage repayment on a property which is being vacated and retained by the borrower.
- Revolving Charge/Line of Credit

b) 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.

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- 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.

c) 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.

d) 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.
- 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.

2. Borrower Capacity

a. Income/Employment

Income used to qualify the borrower must come from a source that can be demonstrated as both stable and likely to continue. The measure of stability may vary depending on the income source.

In many cases continuance is implied subject to a lack of indication the income is not likely to continue. However in some cases continuance of income must be specifically demonstrated.

Below the measure of stability is specifically identified and if applicable the corresponding measure of continuance:

1) Earned Income Sources

a) Base salary/hourly wages

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.

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- The borrower has recently returned to the workforce after a gap of employment and can evidence a prior two-year history of stable employment. A minimum of six months with current employer is required.

Projected Income

Radian does not consider projected or future income.

Trailing Spouse

Income is not eligible.

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.

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.

b) Overtime; Bonus; Tip Income; Seasonal Employment

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.

Continuance

- Annual earnings are level or increasing.

c) Commission and Second Job income

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.

Continuance

- Annual earnings are level or increasing.

d) Military Income – Base Pay, Flight or hazard pay, rations, clothing allowance, quarters' allowance

Stability

Current receipt of income source.

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Continuance

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

2) Self-employment

A borrower is considered to be self-employed for qualifying purposes if he/she has 25% or greater ownership in a business.

Radian requires any self-employed business owned by the borrower to 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.

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.

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.

3) Retirement Income

a) Social Security; Employer Pension Program; Government Annuity

Stability

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

b) Asset derived income

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

(1) IRA Distribution

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

Stability

- The most recent twelve month distribution history, or
- The borrower's current receipt of either:
 - The required minimum distribution, or
 - A regularly scheduled distribution according to a written agreement initiated prior to the loan application date.

Continuance

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

(2) Annualized Assets

Qualifying income may 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.

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.

Continuance

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

4) Other Income/Unearned 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%).

a) Government Benefits/Public Assistance/Social Services

Stability

- Current receipt of comparable 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.

Continuance

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

b) Disability Income

Stability

- Borrower has been approved for and is currently receiving long term monthly disability benefits.

Continuance

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

c) Child Support/Alimony

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.

Continuance

The obligation for the payment of child support or alimony to the borrower continues for a minimum of three years.

d) Capital Gains; Interest and Dividend; Trust Income

Stability

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

Continuance

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

e) Auto Allowance; Housing Allowance

Stability

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

f) Rental Income

The use of net rental income as a qualifying income source is dependent on the type and current status of the property. Eligibility limitations are identified below.

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

The method used to calculate net rental income for an eligible property and the documentation required is determined by the length of time the property has been owned by the borrower.

Property	Calculation/Documentation
New Acquisition (2 unit)	The lesser of: 75% of the fair market rent as established by a Comparable Rent Schedule, or 75% of gross rental income as evidenced by a fully executed lease agreement by a tenant that is not related to the borrower and is a disinterested party to the transaction
Conversion Existing primary or second home being converted into an investment property	75% of gross rental income as evidenced by a fully executed lease agreement by a tenant that is not related to the borrower and is a disinterested party to the transaction along with evidence of the security deposit from the tenant and a bank statement showing the deposited security funds
Recently Acquired Borrower obtained subsequent to filing the most recent tax return	75% of gross rental income as evidenced by a fully executed lease agreement by a tenant that is not related to the borrower and is a disinterested party to the transaction
Established Property reflected on Schedule E of the most recent tax return(s)	Gross rental income reported on the schedule E less operating and repair expenses including but not limited to monthly PITIA • Principal • Interest • Taxes • Insurance • Association Dues

Underwriting Tip: When a mortgage exists on the property, identify the net rental income (loss) from the tax returns, add back depreciation, mortgage interest, taxes and insurance, divide by 12 and then deduct the monthly PITI mortgage payment in order to capture the principal payment expense incurred by the borrower.

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5) Tax Return Documentation Requirements

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.

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.

b. Assets

1) Down payment Requirements

a) A Minimum Investment from the Occupant Borrower Own Funds is required for all transactions.

Purchase and cash-out refinance transactions require the following cash down payment or equity position in the subject property.

97% LTV	3%
Agency Eligible Conforming	5%
Agency Eligible Conforming Cash-out Refinance	15%
Agency Eligible High Cost Area	5%
Delegated Non-Agency Jumbo	10%
Second Home	10%

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

(1) *Occupant Borrower 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.
- Secured borrowed funds, as long as the party providing the secured loan is not a party to the transaction.

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.

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.

Business Assets

Business assets may be used to satisfy the minimum investment required from *Occupant Borrower Own Funds* subject to the following conditions and documentation:

- The business is 51% or more owned by the borrower or 100% owned by the borrower if the business is a corporation.
- 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 cash flow analysis demonstrating that removal of business assets will not negatively impact the ability of the business to continue operating or produce revenue.

(2) Ineligible Sources of *Occupant Borrower Own Funds*:

- Funds held in a joint account that:
 - Were not deposited by the occupant borrower, or
 - Do not meet seasoning requirements.
- 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.

b) Additional Eligible Funding Sources

After the Occupant Borrower(s) has satisfied the minimum investment required from 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/prepaid expenses, and supplement reserves.

(1) 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.

(a) 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.

(b) 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.

(2) Gifts of Equity

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

(3) Grant funds

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

(a) 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.

(b) Acceptable third party entities

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

2) Reserves

The borrower must evidence liquid assets in excess of the amount required to close the transaction. These reserves must be sufficient to pay the housing expense, including principal, interest, taxes, insurance, and association fees for the minimum number of months indicated below:

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Number of months	Purchase and Refinance Transactions
2	Primary Residence; Second Home
0	Rate/Term refinance when results in reduced monthly housing expense
6	Two unit properties; Delegated Non-Agency Jumbo > \$650,000

If, upon purchase of the subject property, the borrower intends to retain a current primary residence as a second home or investment property, additional reserves are required as determined by the borrower’s documented equity position.

Number of months required for each property (current/retained and subject)	Borrower’s documented equity position
2	Equal to or Greater than Thirty percent (30%)
6	Less than Thirty percent (30%)

D. Property

1. Eligibility

To identify qualifying criteria specific to property type and transaction click here: [Link to Eligibility Matrices](#)

a. Eligible property types

Eligible property types are identified and defined here: [Link to Chapter 1.A.4 Eligible Property Types Defined](#)

1) Restrictions

Specific property restrictions are identified below:

a) Acreage

A lot size in excess of ten acres is limited to a 35% land-to-value ratio. The property must be used exclusively for residential purposes and can not be income producing.

b) Land-to-value ratio

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

c) Out-buildings

Outbuildings may not accommodate agriculture or business use and must be typical for the area with value and marketability supported by comparables sales. The contributory value must be incidental.

d) Unique or non-conforming properties

The appraisal must provide sufficient information to develop a reliable opinion of market value. This requires comparable sales with similar unique and/or non-conforming features, and demonstrated marketability consistent with other conforming properties in the market area.

e) Zoning

The subject property must constitute a legally permissible use of the land and land use regulations may not restrict reconstruction or maintenance.

2) Exclusions

The following are not eligible for Radian mortgage insurance:

- GSE non-warrantable condominiums, PUDs and co-operatives
- Condotels

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- Single-wide manufactured homes
- Manufactured housing that is either a site condominium or located within a Planned Unit Development (PUD)
- Model home leasebacks

b. Project Acceptance

For both delegated and non-delegated submissions, the submitting lender must determine whether the Planned Unit Development, Condominium or Co-operative project is warrantable under the applicable Fannie Mae/Freddie Mac eligibility requirements. This determination must include an evaluation of the integrity of all data submitted to obtain a Fannie Mae/Freddie Mac project approval.

1) Planned Unit Development (PUD)

An attached unit within a Planned Unit Development project must meet Fannie Mae or Freddie Mac warranty requirements.

2) Condominium

The sustainability of a condominium project is an important underwriting consideration influenced by a number of factors. A project warranted as meeting Fannie Mae/Freddie Mac eligibility requirements may suggest the characteristics of the project present acceptable risk. However there may still exist unfavorable or atypical features or influences which can present a layering of risk, warranting underwriter evaluation.

A condominium unit must meet standard Fannie Mae or Freddie Mac project warranty requirements. In addition the following criteria must be met:

- 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 is complete.
- Lenders targeting and marketing loan services within a project are limited to the higher of one unit or 40% of the project.

3) Co-operatives

A co-operative unit must meet Fannie Mae or Freddie Mac warranty requirements.

2. Assessment of Value and Condition

Radian requires an appraisal be performed on the subject property and utilizes the corresponding report to assess property value and condition.

a. Appraisal Requirements

- 1) The lender must ensure the appraisal was initiated, completed and prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Federal Housing Finance Agency (FHFA) Appraisal Independence Requirements (AIR).
- 2) The appraisal is to be reported on the appropriate form for the property type and transaction. It must be adequate to accommodate identification of relevant features and condition.

Effective:
September 3, 2013

**Radian
Underwriting
Guidelines**

- Loan files deliverable to Fannie Mae or Freddie Mac are to include Uniform Appraisal Dataset as required.
- 3) The appraisal may not be more than 120 days old at the time the note is signed. Radian will consider a Recertification of Value when all the following apply:
 - The original appraisal was performed within the 12 months preceding the note date.
 - The original appraisal reports stable or appreciating market conditions.
 - The appraiser performs a re-inspection of the property exterior.
 - The appraiser performs a review of current market data to determine the property has not declined in value since the date of the original appraisal.
- 4) A full interior/exterior inspection is required. Radian does not accept a Property Inspection report (2075), an Automated Valuation Model (AVM), Projected Variable Metric Method (PVMM), Property Inspection Waiver (PIW), or Property Inspection Alternative (PIA) in lieu of an appraisal.
- 5) 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. The 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.
 - Documentation and/or explanation as to why the original appraisal report was not accepted by the lender.
- 6) Radian will accept FHA appraisals to establish property value. Repairs required by an FHA appraisal may be satisfied as follows:
 - a) Completion of required repair(s)
 - b) Postponed Improvement
 - c) Lender may waive the repair of minor conditions or deferred maintenance items that do not affect the livability, soundness, or structural integrity of the property as long as value of the subject property reflects current condition.

b. 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.

Effective:
September 3, 2013

E. Loan Specifics

1. Interested Party Contributions

a. Financing Concessions

1) Eligibility

Financing concessions are permitted as follows:

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

2) Disclosure

Financing concessions must be identified within the sales contract and the appraisal report. The 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.

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.

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, personal property items 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 items which will convey with the subject property may not be removed from the purchase agreement for the sole purpose of eligibility.

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.

Personal property not meeting the above definition is not considered a sales concession for eligibility purpose when:

- The item is not easily transportable and left with the property for the convenience of the seller.
- The item cannot be easily removed and whose value is equal to or less than the cost to remove.
- The item due to poor condition, advanced age or lack of functionality provides minimal utility.

In the event the underwriter is unable to clearly exclude 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.

Effective:
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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.

2. Loan Features

a. Amortization

Radian will insure mortgage loans with a maximum loan term of 30 years.

Interest only, graduated payment and negative amortization mortgages are not eligible.

b. Balloon Term

- > 95% LTV is ineligible.
- The minimum balloon term is five years for LTVs ≤ 95%.
- The minimum balloon term is fifteen years for Delegated Non-Agency Jumbo.

c. Temporary Buy Downs

Eligible on Purchase and Rate/Term Refinance transactions only with a maximum 3-2-1 buy down.

- > 95% LTV is ineligible.

d. Adjustable Rate Mortgage (ARM)

Adjustable rate mortgages are not eligible on the following:

- Cash-out Refinance transactions
- 2 Unit Property

Adjustable rate mortgage eligibility is subject to the following:

- Adjustable Rate Mortgages with initial fixed rate less than 5 years are ineligible for:
 - Agency High Balance loan limits
 - Construction-to-Permanent 12 month commitment
 - Delegated Non-Agency Jumbo
 - Non-Prime
 - Manufactured Homes

1) Initial fixed term 5 years or greater

• Maximum LTV:

- Prime Credit:
 - 95% for Agency Conforming loan limits;
 - 90% for Agency High Balance loan limits;
 - 85% for Second Homes.
- Non-Prime Credit 90%.

- Manufactured Homes require an initial fixed term of 7 years or greater.

2) Initial fixed term of less than 5 years

• Maximum LTV:

- Prime Credit:
 - 90% Agency Conforming loan limits;
 - 85% for Second Homes.

Effective:
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3. Payment Qualification

Fixed Rate, Balloons, Temporary Buydowns:

- Qualify at the note rate.
- Eligible for Prime and Non-Prime (95% LTV).

Adjustable Rate Mortgages

ARMs with an initial fixed term greater than 5 years:

- Qualify at the Start Rate.
- Eligible for Prime (95% LTV) and Non-Prime (90% LTV).

ARMs with an initial fixed term of 5 years or less:

- Qualify using the higher of the Note Rate plus 2% or the Fully Indexed Accrual Rate (margin plus index value), also referred to as FIAR.
- Eligible for Prime only (90% LTV).

Maximum Interest Rate Caps

ARM Product	Initial Cap	Periodic Cap	Lifetime Cap
6 mos	1%	1%	5%
1-2 year	2%	2%	6%
3 year	3%	2%	6%
≥ 5 year	5%	2%	6%

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