

# Eligibility Matrices

[Link to Eligibility Matrices](#)

# Underwriting Guidelines

[Link to Underwriting Guidelines](#)

September 14, 2020

**radian**

# Revision Notes

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Revisions for September 14, 2020

## **Rate/Term Refinance**

The payoff of an unseasoned, non-purchase money subordinate lien used entirely to make improvements to the subject property is permitted for a Rate/Term Refinance.

## **Appraisal requirements for loan amounts > \$1,000,000**

For loan amounts greater than \$1,000,000, Radian will require either two full appraisals or one full appraisal and one of the following property inspection and valuation methods in lieu of a second full appraisal:

- Field or desk review
- Desktop appraisal
- Exterior-only inspection appraisal

## **Interim Underwriting Guidance**

Rate/Term Refinance transactions, in which Radian insures the existing loan, are eligible for mortgage insurance for borrowers who have missed payments and resolved the missed payments through a loss mitigation solution and have made three timely payments following or as part of the loss mitigation workout meeting Agency requirements.

[See following page for Interim Underwriting Guidance](#)

## Interim Underwriting Guidance

This Interim Underwriting Guidance temporarily supersedes our Underwriting Guidelines requirements. Fannie Mae and/or Freddie Mac may announce new and/or updated underwriting documentation, flexibilities, or guidance related to COVID-19, and Radian’s adherence to them will be noted in this Interim Underwriting Guidance or Radian Announcements via Ebulletins available on our website.

|   |   |
|---|---|
| <b>Assets</b>                                 | Documentation must be dated within sixty (60) days of the Note date. If an asset account is reported on a quarterly statement cycle, the most recent statement must be provided.  |
|   | Market-based assets, including stocks, bonds, and mutual funds, used for down-payment must follow GSE liquidation requirements; when used for reserves, lenders must use no more than 70% of the balance in the accounts and proof of liquidation is not required.  |
|   | Loan proceeds from SBA Payroll Protection Plan (PPP) and/or any other similar COVID-19 related programs (i.e. federal, state, or local government loans and grants) are not considered business assets for use as eligible funds and cannot be used for down payment, closing costs, or reserves.   |
| <b>Appraisals</b>                             | <p>Radian aligns with the Agency announced appraisal flexibilities, permitting use of an exterior only appraisal or desktop appraisal, for loan transactions including:</p> <ul style="list-style-type: none"> <li>• New construction and renovation loans.</li> <li>• Non-Agency loans up to a maximum \$765,600 loan amount.</li> </ul>   |
| <b>Condo Project Review Waivers</b>           | Condo project review waivers, permitted under Agency guidelines, have been extended to loans with LTV ratios up to 90%. Flexibilities for condo project review waivers up to 90% LTV extend to non-GSE loans in GSE warrantable condo projects up to a \$765,600 maximum loan amount.   |
| <b>Construction-to-Permanent Transactions</b> | Underwriting documentation on twelve (12) month construction-to-permanent commitments must be dated within sixty (60) days of the MI activation date.   |
| <b>Employment Verification</b>                | For self-employed income to be used as qualifying income, verification that a borrower’s business is currently operating must be completed within ten (10) business days of the Note Date.  |
|   | Third party electronic employment verifications must evidence that the information in the vendor’s database is no more than sixty (60) days old as of the Note date.  |
|   | <p>Use of acceptable alternative verbal verification of employment documentation is permitted:</p> <ul style="list-style-type: none"> <li>• A written verification of employment or email from the employer work email address dated within the ten (10) day verbal verification of employment timeframe requirements.</li> <li>• A year-to-date paystub or a bank statement evidencing the payroll deposit from the pay period immediately preceding the Note date.</li> </ul> |
| <b>Income</b>                                 | Most documentation must be dated within sixty (60) days of the Note date. Military income using a Leave and Earnings Statement, Social Security, retirement income, long-term disability, Mortgage Credit Certificates, public assistance, foster care, and royalty payments may continue to apply standard age of documentation requirements as per the Agency Selling Guides.   |
|   | Market-based assets, including stocks, bonds, and mutual funds, when used for income, lenders must use no more than 70% of the balance to determine the number of distributions remaining.  |
|   | Furloughed borrowers, who are unable to provide evidence of stable and reliable employment-related income, are not eligible until they return to work.  |
|   | Unemployment income is not permitted, unless it is clearly associated with seasonal unemployment, and the income is reported on the borrower’s tax returns.   |

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## Interim Underwriting Guidance

This Interim Underwriting Guidance temporarily supersedes our Underwriting Guidelines requirements. Fannie Mae and/or Freddie Mac may announce new and/or updated underwriting documentation, flexibilities, or guidance related to COVID-19, and Radian’s adherence to them will be noted in this Interim Underwriting Guidance or Radian Announcements via Ebulletins available on our website.

|   |  |
|---|--|
| <b>Income<br/>(continued)</b>                                       | <p>Self-employed income documentation must include a year-to-date (YTD) profit and loss (P&amp;L) statement, including the most recent month preceding the loan application date and dated within sixty (60) days of the Note date, reporting business revenue, expenses, and net income, as follows:</p> <ul style="list-style-type: none"> <li>• An audited YTD P&amp;L statement; or</li> <li>• An unaudited YTD P&amp;L statement signed by the borrower, and two (2) months business account statements no older than the latest two (2) months reflected on the YTD P&amp;L statement are required. Personal account statements evidencing business deposits may be used when the borrower is the owner of a small business and does not have a separate business account.</li> </ul>  |
| <b>New Purchase or<br/>Rate/Term Refinance<br/>Loan Eligibility</b> | <ul style="list-style-type: none"> <li>• Purchase and Rate/Term Refinance transactions are eligible for mortgage insurance (MI) for borrowers who have not missed payments and whose payments are current as of the Note date of the new transaction.</li> <li>• Purchase and Rate/Term Refinance transactions are eligible for MI for borrowers who have missed payments and resolved the missed payments through a reinstatement. The source of funds used for the reinstatement must be documented as per GSE requirements.</li> <li>• <b>Rate/Term Refinance transactions, in which Radian insures the existing loan, are eligible for mortgage insurance for borrowers who have missed payments and resolved the missed payments through a loss mitigation solution and have made three timely payments following or as part of the loss mitigation workout meeting Agency requirements.</b></li> <li>• Unless noted above, Purchase and Rate/Term Refinance transactions for borrowers who have missed payments and are unable to bring their loan current through a reinstatement are ineligible for MI.</li> <li>• Lenders must apply additional due diligence and include documentation in loan files when reviewing the mortgage payment history for each mortgage loan, including co-signed mortgage loans and those not related to the subject transaction.</li> </ul> |
| <b>Power of Attorney</b>  | A Power of Attorney must include the mortgaged property address and may permit persons “connected to the transaction”, as permitted by the Agencies, to serve as attorney-in-fact or agent on purchase and refinance transactions.   |
| <b>Remote Notarization</b>  | Electronic remote notarization, as per the Agencies’ policy changes, is permitted on Radian-insured loans.   |
| <b>Non-GSE loans</b>  | Unless specially addressed in a Radian Announcement or Interim Guidance, Non-GSE loans may follow the requirements of either GSE, so long as they are consistently followed.   |
| <b>Due Diligence</b>  | Given the broad and significant impact on employment and income caused by COVID-19, we encourage our lenders to continue to apply thoughtful due diligence to loan files and follow up appropriately on “red flags”.   |

**All other Radian Underwriting Guidelines apply**

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# Introduction

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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 an Agency AUS Approve, Accept/Eligible Recommendation or Response and satisfy a limited number of underwriting overlays generally meet Radian's eligibility criteria.

Eligibility is also available for Manual underwriting, including Non-AUS, AUS ineligible recommendations, the Medical Professional Program, and Jumbos.

To make it easier to locate the requirements specific to your loan, the Policy section of our guidelines is organized into four 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 (AUS)**  
This chapter provides the underwriting criteria and program requirements for Radian's *One Underwrite (AUS)* Program.
- 3. Manual; Non-Agency Jumbo**  
For loans that do not meet *One Underwrite (AUS)* eligibility, manual underwriting guidelines are provided.
- 4. Special Programs**  
This section includes enhancements to Radian Manual Guidelines including Debt Ratio 45.01% – 50%; Medical Professional Program and Super Jumbo.

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 matrices 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.

# Section I – Eligibility Matrices

The Eligibility Matrices can be used to quickly identify eligibility criteria specific to the transaction and property type. The *One Underwrite (AUS)* eligibility matrices are distinguished by AUS findings/response while the remaining matrices apply to Manual Eligibility, Non-Agency Jumbo loans, Medical Professionals, and Super Jumbo. Please see the Policy section of our manual for complete underwriting guidelines.

# One Underwrite (AUS)

Agency AUS Approve, Accept/Eligible

Minimum 620 FICO

[Link to Program Considerations](#)

| Property Type  | Maximum LTV/CLTV  | Maximum <sup>1</sup> Loan Amount for the Contiguous States, AK & HI | Minimum <sup>3</sup> Credit Score Maximum DTI | Exclusions Specific |
|--|---|---|---|---------------------|
| 1–2 Units detached/ attached, includes PUDs; Condos; Co-ops; Fannie Mae MH Advantage™ Freddie Mac CHOICEHomeSM | <b>Primary Residence; Second Home<br/>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>2</sup></b> |   |   |                     |
|  | Per AUS   | Agency Base Conforming  | Per AUS                                       | Per AUS             |
|  |   | FHFA High Cost  |   |                     |
| Manufactured Housing   | <b>Primary Residence; Second Home<br/>Purchase; Rate Term Refinance</b>   |   |   |                     |
|  | 95%/95% <sup>4</sup>  | Agency Base Conforming  | Per AUS                                       | Per AUS             |
|  |   | FHFA High Cost  |   |                     |
| 3–4 Units  | 95%/95%   | 3 Unit \$789,950<br>4 Unit \$981,700                                | 700<br>DTI per AUS                            | Per AUS             |

1 Loan amounts in Guam limited to FHFA Base Conforming for the Contiguous States.

2 Ineligible for Radian's New Construction/Construction-to-Permanent 12 month commitment: Manufactured Housing with the exception of Fannie Mae MH Advantage™ and Freddie Mac CHOICEHomeSM, 2–4 Units; Co-ops; ARMs with initial fixed period < 3 years and properties located in Guam

3 [Link to DTIs for Single Premium Mortgage Insurance](#)

4 Second Homes maximum 90% LTV/CLTV

**Unless specifically excluded from this version of Radian's guidelines or subsequent Radian Announcement, future Agency guideline changes are likewise eligible for One Underwrite (AUS) concurrent with their Agency announced effective dates.**

[See following page for Agency AUS Approve, Accept/Ineligible](#)

Effective:  
September 14, 2020

## One Underwrite (AUS)

### Agency AUS Approve, Accept/Ineligible

Ineligible Findings/Feedback due to:  
LTVs 95.01%–97%  
LTVs 80.01 to 97% for ARMs  
(Arms with initial fixed period less than 3 years excluded)

Minimum 620 FICO  
2–4 Unit property; Manufactured Housing excluded

| Property Type   | Maximum LTV/CLTV   | Maximum <sup>1</sup> Loan Amount for the Contiguous States, AK & HI | Minimum <sup>3</sup> Credit Score Maximum DTI | Exclusions Specific        |
|---|--|---|---|----------------------------|
| 1 Unit detached/attached, includes PUDs; Condos; Co-ops | <b>Primary Residence; Purchase<br/>Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>2</sup></b> |   |   |                            |
|   | 97%  | Agency Base Conforming  | Per AUS                                       | Per AUS                    |
|   | 95%  | FHFA High Cost  |   |                            |
| 1 Unit detached/attached, includes PUDs; Condos; Co-ops | <b>Second Home<br/>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>2</sup></b>       |   |   |                            |
|   | 90%  | Agency Base Conforming  | Per AUS                                       | Properties located in Guam |

<sup>1</sup> Loan amounts in Guam limited to FHFA Base Conforming for the Contiguous States.

<sup>2</sup> Ineligible for New Construction/Construction-to-Permanent financing: Co-ops; ARMS with initial fixed period < 3 years; Properties located in Guam

<sup>3</sup> [Link to DTIs for Single Premium Mortgage Insurance](#)

**Unless specifically excluded from this version of Radian’s guidelines or subsequent Radian Announcement, future Agency guideline changes are likewise eligible for One Underwrite (AUS) concurrent with their Agency announced effective dates.**

Effective:  
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*Loans that do not meet One Underwrite (AUS) eligibility*

## Manual Underwriting

### Base Conforming Loan Amounts Primary Residence

#### General exclusions for properties located in Guam:

Loan amounts > FHFA Base Conforming for the Contiguous States;  
LTVs > 90% Purchase, Rate/Term Refinance;  
New Construction/Construction-to-Permanent 12 month commitment

| Property Type  | Maximum LTV/CLTV | Maximum Loan Amount  | Minimum Credit Score<br>Maximum DTI    | Exclusions Specific  |
|--|------------------|--|--|--|
| <b>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>1</sup></b> |                  |  |  |  |
| 1 Unit, detached/attached,<br>includes PUDs;<br>Condos; Co-ops                               | 97%              | Agency Base<br>Conforming for the<br>Contiguous States,<br>AK & HI | 680/45%                                | ARMs with initial fixed term < 3 years;<br>Balloon Mortgages |
|  | 95%              |  | 660/45%                                | ARMs with initial fixed term < 1 year                        |
|  | 90%              |  |  | ARMs with initial fixed term < 6 months                      |
| Manufactured Housing   | 90%              |  |  | ARMs with initial fixed term < 7 years                       |
| 2 Units  | 95%              |  | ARMs with initial fixed term < 3 years |  |
| 3–4 Units  | 95%              | \$789,950  | 720/45%                                | ARMs   |

<sup>1</sup> Ineligible for New Construction/Construction-to-Permanent financing: 2–4 Units; Co-ops; Non-traditional Credit

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

[Link to Non-traditional Credit](#)

[Link to Debt Ratio 45.01% – 50%](#)

[See following page for Second Home](#)

Effective:  
September 14, 2020

Loans that do not meet One Underwrite (AUS) eligibility

## Manual Underwriting

### Base Conforming Loan Amounts

### Second Home

#### General Exclusions:

2-4 Units; Manufactured Housing; Non-traditional Credit;  
Properties located in Guam

| Property Type  | Maximum LTV/CLTV  | Maximum Loan Amount  | Minimum Credit Score<br>Maximum DTI | Exclusions Specific                     |
|--|---|--|-------------------------------------|---|
| 1 Unit, detached/attached,<br>includes PUDs;<br>Condos; Co-ops | <b>Second Home</b>  |  |                                     |   |
|  | <b>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent <sup>1</sup></b> |  |                                     |   |
|  | 90%   | Agency Base<br>Conforming for the<br>Contiguous States,<br>AK & HI | 700/45%                             | ARMs with initial fixed term < 3 years  |
|  | 85%   |  |                                     | ARMs with initial fixed term < 6 months |

<sup>1</sup> Co-ops are ineligible for New Construction/Construction-to-Permanent financing.

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

Effective:  
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*Loans that do not meet One Underwrite (AUS) eligibility  
(FHFA designated high cost areas)*

## Manual Underwriting

**FHFA High Cost  
Primary Residence**

### General Exclusions:

2-4 Units; Manufactured Housing; Non-traditional Credit;  
Properties located in Guam

| Property Type  | Maximum LTV/CLTV   | Maximum Loan Amount                       | Minimum Credit Score<br>Maximum DTI | Exclusions Specific                   |
|--|--|---|-------------------------------------|---------------------------------------|
| 1 Unit, detached/attached,<br>includes PUDs;<br>Condos; Co-ops | <b>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>1</sup></b> |   |                                     |                                       |
|  | 95%  | Not to exceed<br>FHFA<br>High Cost Limits | 660/45%                             | ARMs with initial fixed term < 1 year |

<sup>1</sup> Co-ops are ineligible for New Construction/Construction-to-Permanent financing.

Areas designated as high cost and their corresponding maximum loan limits can be located on the FHFA website.

<http://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

[Link to Debt Ratio 45.01% – 50%](#)

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*Loans that do not meet One Underwrite (AUS) eligibility*

## Manual Underwriting

**Affordable Housing;  
Housing Finance Agencies (HFAs); Federal Home Loan Banks (FHLBs)  
Primary Residence**

### General Exclusions:

New Construction/Construction-to-Permanent 12 month commitment; Properties located in Guam

| Property Type                                    | Maximum LTV/CLTV | Maximum Loan Amount  | Minimum Credit Score<br>Maximum DTI | Exclusions Specific   |                                 |
|--|------------------|--|-------------------------------------|---|---------------------------------|
| <b>Purchase; Rate/Term Refinance</b>             |                  |  |                                     |   |                                 |
| 1 Unit, detached/attached, includes PUDs; Condos | 97%/105%         | Agency Base<br>Conforming for the<br>Contiguous States,<br>AK & HI | 680/45%                             | ARMs with initial fixed term < 5 years;<br>Balloon Mortgages      |                                 |
|  | 95%/105%         |  | 660/45%                             | ARMs with initial fixed term < 5 years                            |                                 |
| Co-ops   | 97%/97%          |  | 680/45%                             | ARMs;<br>Balloon Mortgages;<br>Non-traditional credit             |                                 |
|  | 95%/95%          |  | 660/45%                             | ARMs with initial fixed term < 5 years;<br>Non-traditional credit |                                 |
| Manufactured Housing                             | 95%/95%          |  | 680/45%                             | ARMs with initial fixed term < 7 years;<br>Non-traditional credit |                                 |
| 2 Units  | 95%/105%         |  | 660/45%                             | ARMs;<br>Non-traditional credit                                   |                                 |
| 3–4 Units  | 95%              |  | \$789,950                           | 720/45%   | ARMs;<br>Non-traditional credit |

*Note:* Requirements for and compliance with income limits and/or Homebuyers Education/Counseling are the responsibility of the Lender or Investor.

Areas designated as high cost and their corresponding maximum loan limits can be located on the FHFA website.

<http://www.fhfa.gov/DataTools/Downloads/Pages/Conforming-Loan-Limits.aspx>

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

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# Manual Underwriting

## Medical Professional Program Primary Residence

Medical Doctor (MD, DO, OD, DPM)  
Dentist (DDS, DMD)

Actively practicing medical doctors, dentist or dental surgeons, physician assistants, medical teaching professors, OR newly licensed medical residents who are currently employed or are in residency, OR newly licensed medical, dentists or dental students who are about to begin their new employment/residency within 90 days of closing.

### AUS Document Waivers

For Medical Profession loans with a valid Agency AUS Approve/Accept Credit Recommendation or Response follow the respective Agency documentation requirements including AUS Validations for employment, income, and assets  
Follow Radian Manual Underwriting Guidelines for all other loans.

### Minimum Borrower Contribution from own Funds

3% minimum contribution ≤ FHFA Base Conforming for the Contiguous States  
5% minimum contribution > FHFA Base Conforming for the Contiguous States

### General Exclusions:

2–4 Units; ARMs with initial fixed term < 3 years; Balloon Mortgages; Manufactured Housing; New Construction/Construction-to-Permanent 12 month commitment; Non-traditional Credit; Properties located in Guam

### Deferred Student Loans

[Link to Medical Professional Program Underwriting guidelines](#)

| Property Type  | Maximum LTV/CLTV                     | Maximum Loan Amount                            | Minimum Credit Score<br>Maximum DTI |
|--|--------------------------------------|--|-------------------------------------|
| 1 Unit, detached/attached, includes PUDs; Condos; Co-ops | <b>Purchase; Rate/Term Refinance</b> |  |                                     |
|  | 97%                                  | FHFA Base Conforming for the Contiguous States | 680/45%                             |
|  | 95%                                  | \$650,000                                      |                                     |
|  | 95%                                  | \$850,000                                      | 720/45%                             |
|  | 90%                                  |  | 680/45%                             |
|  | 90%                                  | \$1,000,000                                    | 720/43%                             |
|  | 85%                                  |  | 700/43%                             |

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

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# Manual Underwriting

Non-Agency Jumbo  
Primary Residence; Second Home  
Loan amounts to \$1,000,000

## AUS Document Waivers ≤ \$850,000

For Non-Agency Jumbo loans with a valid Agency AUS Approve/Accept Credit Recommendation or Response follow the respective Agency documentation requirements including AUS Validations for employment, income, and assets. Follow Radian Manual Underwriting Guidelines for all other loans.

## All Loan Amounts

5% minimum contribution from occupant borrower own funds required.

## General Exclusions:

2–4 Units; ARMs with initial fixed term < 3 years; Balloon Mortgages < 5 years; Manufactured Housing; Non-traditional Credit; Properties located in Guam

| Property Type  | Maximum LTV/CLTV   | Maximum Loan Amount | Minimum Credit Score Maximum DTI |
|--|--|---------------------|----------------------------------|
| 1 Unit, detached/attached, includes PUDs; Condos; Co-ops | <b>Primary Residence</b>   |                     |                                  |
|  | <b>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>1</sup></b> |                     |                                  |
|  | 95%  | \$650,000           | 680/45%                          |
|  | 95%  | \$850,000           | 720/43%                          |
|  | 90%  |                     | 680/45%                          |
|  | 90%  | \$1,000,000         | 720/43%                          |
| 85%  | 700/43%  |                     |                                  |
| 1 Unit, detached/attached, includes PUDs; Condos         | <b>Second Home</b>   |                     |                                  |
|  | <b>Purchase; Rate/Term Refinance; New Construction/Construction-to-Permanent<sup>1</sup></b> |                     |                                  |
|  | 90%  | \$850,000           | 720/45%                          |

<sup>1</sup> Ineligible for New Construction/Construction-to-Permanent financing: Co-ops; Second Homes > \$650,000

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

[Link to Debt Ratio 45.01% – 50%](#)

Effective:  
September 14, 2020

# Manual Underwriting

## Super Jumbo Primary Residence

Loan amounts \$1,000,001–\$1,500,000

### All Loan Amounts

5% minimum contribution from occupant borrower own funds required.

### General Exclusions:

2–4 Units; ARMs with initial fixed term < 3 years; Attached Condo Units; Balloon Mortgages; Co-ops; Manufactured Housing; New Construction/Construction-to-Permanent 12 month commitment; Non-traditional Credit; Non-Occupant Co-borrowers; Properties located in Guam

[Link to Super Jumbo Underwriting guidelines](#)

| Property Type  | Maximum LTV/CLTV   | Maximum Loan Amount | Minimum Credit Score<br>Maximum DTI |
|--|--|---------------------|-------------------------------------|
|  | <b>Primary Residence<br/>Purchase; Rate/Term Refinance</b> |                     |                                     |
| 1 Unit, detached/attached, includes PUDs; Detached Site Condos | 90%  | \$1,250,000         | 720/43%                             |
|  | 85%  | \$1,500,000         |                                     |

[Link to Payment Qualification/ARM Maximum Interest Rate Caps](#)

Effective:  
September 14, 2020

## **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

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

#### c. DTIs for Single Premium Mortgage Insurance

Debt ratios (DTI) exceeding 45% for Single Premium mortgage insurance are subject to:

- a minimum credit score of 700 and/or;
- a maximum LTV of 95%

Examples: Credit Score/LTV combinations

| Credit Score                 | LTV                       | Eligible | Ineligible |
|------------------------------|---------------------------|----------|------------|
| Greater than or equal to 700 | Greater than 95%          |          | X          |
| Less than 700                | Less than or equal to 95% |          | X          |
| Greater than or equal to 700 | Less than or equal to 95% | X        |            |

Loans with a debt-to-income ratio exceeding 45% and a credit score <700 or an LTV >95% are eligible for mortgage insurance if submitted under Radian's [RADAR® Rates](#) Single Premium Borrower-Paid pricing option.

#### d. 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® and FreddieMac's CHOICERenovation<sup>SM</sup> rehabilitation/renovation loans through our One Underwrite (AUS) program.

#### e. 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.

#### f. Maximum insured loans per borrower

Lenders may have no more than two Radian insured loans per borrower with a maximum of one currently insured investment property. Radian will monitor and reserves the right to limit new mortgage insurance to borrowers with multiple existing insured loans.

### 2. Borrower

#### a. Identification

Radian provides mortgage insurance on loans to Individuals and Inter vivo revocable trusts that meet standard Agency 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.*

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**b. Citizenship Status**

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

The lender must determine that the borrower is legally in the US and has an expectation of continuance. Radian does not review visa or other such documentation in lieu of the lender's own review and determination.

*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.

- 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.

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 co-habits the primary residence owned by their non-entering spouse/domestic partner.
- 6) Subject property is tenant occupied.
- 7) A non-owner occupant co-borrower transaction when the occupant borrower does not contribute qualifying income.

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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 HARP loans due to certificate modification only requirements).

**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 new construction/construction-to-permanent 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 up to a maximum of Agency Base Conforming, including Alaska and Hawaii, loan amounts when the subject property is owned or purchased by the borrower to accommodate their:
  - Parents, who do not have adequate income or financial resources to qualify for a mortgage on their own.
  - Parents or legal guardians wanting to provide housing for their 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 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.
  - Available for the borrower's exclusive use and controlled solely by the borrower.
  - Not under a shared ownership, revenue sharing or rental agreement.
  - Seasonal occupancy is permitted provided that:
    - Seasonal second homes are common for the area and supported by the comparables.

**4. Property**

Radian does not insure mobile homes, time-share properties or lot loans. Each eligible property type is defined below.

**a. Eligible Property Type Defined**

**Single Family Residence**

- A 1 unit detached or attached home.

- Held in fee simple or leasehold estate.\*

**Planned Unit Development (PUD); Condominium (Condo)**

*PUD or Condo classification can be determined by the legal description.*

- A 1 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.
- Condo projects made up of student housing ("kiddie condos") are ineligible.

**Cooperatives (Co-ops)**

- A 1 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.

**2-4 Unit Properties**

- Provides 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, 1 unit detached home.
- Held in fee simple estate.
- Legally classified and taxed as real estate.
- Permanently affixed to the lot.

**b. Declining Property Values**

Properties located in neighborhoods experiencing declining values, an oversupply of homes for sale, and marketing times in excess of six months represent a higher risk of loss of equity for the borrower. These properties require additional scrutiny of the appraisal, e.g., use of recent sales, sales and financing concessions. Please refer to the Agency Guidelines for additional information.

Radian monitors internal and external housing market data and may identify certain markets as declining or distressed markets. While Radian may require different eligibility and guidelines for declining or distressed markets, Radian does not have any overlays at this time.

**c. Areas Impacted by Disasters**

Radian follows the Agencies unless specifically excluded from this version of Radian's guidelines or subsequent Radian announcement.

**B. Underwriting and Submission**

**1. Delegated; Non-delegated Submissions**

**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.

\* The lender must ensure properties held in a leasehold estate conform to Agency requirements. Radian does not review leasehold estate documents.

**Radian  
Underwriting  
Guidelines**

**Delegated** underwriting requires Radian's approval to submit delegated loans for mortgage insurance.

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.

**Ineligible for Delegated Submissions**

- Manually underwritten loans that include Non-traditional Credit
- Loan amounts > \$1,000,000
- Fannie Mae MH Advantage™ and Freddie Mac CHOICEHome<sup>SM</sup> with LTV/CLTV > 95%

**2. Submission Date**

Mortgage insurance applications must be submitted no later than the end of the month in which the first mortgage payment is scheduled.

**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 [mionline](#).

**b. Email**

Send to Radian's Service Center via secured email to [intake@radian.com](mailto:intake@radian.com).

**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.

*Note: Super Jumbos (loan amounts > \$1,000,000) must be submitted as complete loan packages and are ineligible for Credit Only or Pre-Qualification underwriting. [Link to Super Jumbo appraisal requirements and guidelines](#)*

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**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.

**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
- Agency AUS Findings Report/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.

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**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 or 12 months for new construction/conversion of construction-to-permanent financing. Commitment expiration dates cannot be extended.

**120 day Commitment**

The home must be complete and habitable including a Certificate of Occupancy prior to activation of the commitment.

**New Construction/Construction-to-Permanent 12 month commitment**

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, or the lender requires coverage during the construction period, a New Construction/Conversion of Construction-to-Permanent, 12 month, commitment term may be requested when initially ordering mortgage insurance. The home must be complete and habitable, per plans and specs, including a Certificate of Occupancy, prior to consideration of a claim filing. Please see Radian's Master Policy for more detail.

[Link to New Construction/Construction-to-Permanent under One Underwrite \(AUS\) guidelines](#)

[Link to New Construction/Construction-to-Permanent under Manual guidelines](#)

Effective:  
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**b. Pricing and Eligibility**

**1) DTI without mortgage insurance premium**

- Radian utilizes the DTI without the mortgage insurance premium for pricing. Guideline eligibility is determined using the DTI including the mortgage insurance premium.

**2) Non-traditional Credit**

| Non-traditional Credit (NTC) for One or More Borrowers |                      |  |
|--|----------------------|--|
| One Underwrite   | Eligibility          | Per AUS  |
|  | Pricing <sup>1</sup> |  |
| Manual Underwriting                                    | Eligibility          | Must meet non-traditional credit guidelines<br><a href="#">Link to Non-traditional Credit Requirements</a> |
|  | Pricing <sup>1</sup> | Based on the lowest credit score band  |

<sup>1</sup> Loans using non-traditional credit are ineligible for Radian's SplitEdge® program.

**c. Delegated Commitments**

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

**1) 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.*

**2) The loan information may be transferred through EDI Transmission.**

**3) 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 is the investor buying the loan.

**d. Post Commitment Data Changes**

The mortgage insurance commitment is contingent on the lender closing the loan as approved by Radian. Subsequent qualification is based on current pricing and eligibility at the time of re-qualification. It is not based on the pricing and eligibility published at the time of the original mortgage insurance application or commitment.

Applications that are restructured after the mortgage insurance approval must be resubmitted for a revised approval. Failure to advise Radian of any changes after approval may invalidate the mortgage insurance policy.

**Radian  
Underwriting  
Guidelines**

Resubmission is not required when:

1. **One Underwrite** – Changes are within Agency AUS resubmission tolerances.
2. **Manual Underwriting** – A new credit report is obtained and the representative credit score continues to meet published pricing and eligibility.

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

**e. Activation**

The loan, including Fannie Mae HomeStyle® Renovation and Freddie Mac CHOICERenovation<sup>SM</sup> mortgages, must close and the coverage be activated with Radian (i.e., loans must be certified) before the commitment expires. New Construction/ Conversion of Construction-to-Permanent, 12 month, commitment, may be activated during the construction period, prior to completion of the home, but before the 12 month commitment expires. Activation is 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.

Mortgage or interim construction financing payment history at activation retained in the lender's loan file.

- 120 day commitment.
  - One Underwrite
    - Payment history must conform to Agency guidelines and AUS.
  - Manual Underwriting
    - Payment history 0X30
- New Construction/Conversion of Construction-to-Permanent, 12 month, commitment.
  - One Underwrite and Manual Underwriting
    - Payment history 0X30

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## 2 One Underwrite (AUS)

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Fannie Mae and Freddie Mac (The Agencies) analyze credit characteristics and risk features through their proprietary automated underwriting systems (Agency 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.

**Unless specifically excluded from this version of Radian’s guidelines or subsequent Radian Announcement, future Agency guideline changes are likewise eligible for One Underwrite (AUS) concurrent with their Agency announced effective dates.**

[Link to Eligibility/Documentation](#)

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### A. Agency Automated Underwriting Systems

#### 1. Recommendation/Response

- Agency AUS eligibility includes Desktop Originator (DO).
- Radian accepts the following Agency AUS Recommendation/Responses:
  - Approve, Accept/Eligible
  - Approve, Accept/Ineligible for:
    - LTVs 95.01%–97% or LTVs 80.01 to 97% for ARMs (Arms with initial fixed period less than 3 years excluded).

Loans submitted to an Agency Custom AUS or Non-Agency AUS; or loans receiving any recommendation/response other than Approve, Accept/Eligible or Approve, Accept/Ineligible must meet Radian Manual published guidelines.

#### 2. Findings and Feedback Reports

##### a. 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.

##### b. 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.

##### c. 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.

**d. 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.

**3. Consideration(s) Outside of AUS**

**a. Loan Details**

At times, the Agencies 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 (AUS)* and must meet manual published guidelines.

[Link to Chapter 3 Manual Underwriting](#)

[Link to Medical Professional Program guidelines](#)

[Link to Super Jumbo guidelines](#)

**b. 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, including a complete and accurate 1003 and declarations, 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 including but not limited to Agency guidance regarding Authorized User accounts.
- 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.

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**B. Maximum Loan Amount  
Subordinate Financing**

**Loan Features: Amortization; Adjustable Rate Mortgages; Temporary Buy downs**

[Link to Eligibility Matrices](#)

### C. Eligibility/Documentation

| Tool/Guideline   | AUS Approve, Accept/Eligible   | AUS Approve, Accept/Ineligible |
|--|--|--------------------------------|
| AUS Income Validation Services   | Yes  | Yes                            |
| AUS Employment Validation Services   | Yes  | Yes                            |
| AUS Asset Validation Services  | Yes  | Yes                            |
| Fannie Mae Property Inspection Waiver <sup>1,3</sup>   | Yes  | N/A                            |
| Fannie Mae Rural High-Needs Appraisal Waiver <sup>2,3</sup>  | Yes<br>(maximum 90%/90% LTV/CLTV)                                    | N/A                            |
| Freddie Mac Automated Collateral Evaluation <sup>4</sup>   | Yes  | NA                             |
| Fannie Mae Collateral Underwriter <sup>®</sup> with score of $\leq 2.5$<br>Freddie Mac Collateral Representation and Warranty Relief | Appraisals are fully underwritten including the assessment of value. |                                |

<sup>1</sup> If the lender exercises a Property Inspection Waiver (PIW) offer, the lender is not responsible for the representations and warranties related to the value, marketability, and condition of the subject property.

<sup>2</sup> The lender must warrant that the property is safe, sound, and structurally secure.

<sup>3</sup> The lender continues to be required to represent and warrant to Radian that all of the information and data submitted to the Agency AUS are complete and accurate and all Agency requirements regarding the PIW are met.

<sup>4</sup> The lender may not accept the appraisal waiver offer if any of the following apply:

- The lender is required by law or regulation to obtain an appraisal.
- The lender is aware of conditions that warrant an appraisal being obtained.

Radian follows the Agency Selling Guides for eligibility and documentation required to support the AUS Findings/Feedback report for:

- Age of Documents
- Income
- Assets

- Sweat Equity

Borrowers using sweat equity, materials provided or labor performed by a borrower for the mortgaged premises under a specific lending program and managed by a nonprofit, must contribute a minimum of 3% from own funds toward the transaction. Sweat equity is limited to 2%.

- Credit – Traditional and Non-traditional

*As a reminder:* The Non-traditional Credit Indicator must be marked as “yes” and the credit score field left blank in MI Online for any borrower without a credit score. Radian systems will accommodate uploads from lender origination systems programmed with the non-traditional credit option.

- Property

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 and completed. 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. Follow all other Agency requirements including due diligence when reviewing the appraisal/property inspection report.

Appraisal/Property Inspection reports must follow:

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

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**Radian  
Underwriting  
Guidelines**

- **Other Documentation**

Follow the Agency AUS Findings/Feedback reports and Selling Guides for all other eligibility and documentation requirements including:

- Interested Party Contributions (IPCs)
- Gifts, grants, and other down payment assistance not derived from premium pricing for purchases and rate/term refinances.

*As a reminder:* These loans must be properly identified in MI Online by populating “No” to Borrower 3% Funds field and answering the corresponding questions regarding source of funds for closing.

**Adjustment to value**

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

**1. Streamlined Documentation**

Radian will accept streamlined documentation as permitted within the applicable AUS recommendation/response. However, consistent with Agency 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.

**2. Lender Specific Approvals and Variances**

Radian accepts specific lender approvals or variances to a lender’s master agreement issued by the Agencies:

- Renovation mortgages.  
[Link to Activation](#)
- Affordable mortgages and Home Finance Agencies (HFAs)  
[Link to Assets/Sweat Equity](#)
- Fannie Mae MH Advantage™ and Freddie Mac CHOICEHome<sup>SM</sup>
- Mortgages secured by properties located in Guam.
- A co-op share loan.
- Secondary financing in conjunction with Affordable Housing programs.
- Additional variances including condo units that are sold with recourse in exchange for reduced project eligibility reps and warrants require prior approval.
- In addition, for mortgage insurance purposes, Radian offers the following Manual flexibilities:

- [Link to Rate/Term Refinance](#)
- [Link to Employment Contracts](#)
- [Link to Increase in Salary/Wage](#)
- [Link to Financing Concessions](#)
- [Link to Abatements](#)
- [Link to Program Considerations](#)
- [Link to Student Loans](#)

**3. Underwriting Exclusions**

- Agency AUS Approve, Accept/Eligible
  - Fannie Mae’s High LTV Refinance Option and Freddie Mac’s Enhanced Relief Refinance
- Agency AUS Approve, Accept/Ineligible
  - 2–4 Units; Manufactured Housing

Effective:  
September 14, 2020

## D. Program Considerations

Unless specifically excluded from this version of Radian's guidelines or subsequent Radian Announcement, future Agency guideline changes are likewise eligible for One Underwrite (AUS) concurrent with their Agency announced effective dates.

### 1. New Construction/Construction-to-Permanent

AUS Eligible and Ineligible 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.

In the event Radian's 120 day commitment term will not accommodate the property completion date, subsequent initiation or closing of the permanent financing, or the lender requires coverage during the construction period, a New Construction/Conversion of Construction-to-Permanent, 12 month, commitment term may be requested when initially ordering mortgage insurance.

[Link to New Construction/Construction-to-Permanent under Manual guidelines](#)

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## E. Project Acceptance

For both delegated and non-delegated submissions, the submitting lender must determine whether the PUD, Condo or Co-op project is warrantable under the applicable Agency eligibility requirements. This determination must include an evaluation of the integrity of all data submitted to obtain an Agency project approval.

### 1. Condos

- Condo units that are sold with recourse in exchange for reduced project eligibility reps and warrants require prior Radian approval.
- Lenders targeting and marketing loan services within a project are limited to the higher of one unit or 40% of the project.

## 3 Manual Underwriting

- **Conforming Loan Amounts**
- **FHFA High Cost**
- **Affordable Housing/Housing Finance Agencies (HFAs)  
Federal Home Loan Banks (FHLBs)**
- **Non-Agency Jumbo**

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

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

- Manual Fannie Mae guidelines if the submission contains a DU Findings Report.
- Manual Freddie Mac guidelines if the submission contains an LPA Feedback Certificate.
- If the loan is a manual underwrite and not being sold to Fannie Mae or Freddie Mac, either of the Agencies' underwriting requirements can be applied.

Loans subject to the following guidelines include:

- Manual Agency Base Conforming, Manual Agency High Cost; Manual Affordable products for the Contiguous States, Alaska and Hawaii: The loan amount conforms to Agency loan limits for the area in which the property is located.
  - Fannie Mae/Freddie Mac (The Agencies) loans which do not meet the One Underwrite (AUS) program.
  - Loans that are manually underwritten, including agency and non-agency loans.
  - The loan is a first lien mortgage originated through a private lender as part of its affordable housing program, state, county, municipal housing finance programs (HFAs), or Federal Home Loan Banks (FHLBs).
- Non-Agency Jumbo: The loan amount or parameters are outside Manual Conforming Agency loan criteria 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.

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### A. Specific Eligibility

#### 1. Maximum Loan Amount

[Link to Eligibility Matrices](#)

**a. Determining Eligibility**

| Value  | Definition  | Calculation  |
|--|---|--|
| <b>Property Value</b>  | The property value is defined as the lesser of: <ul style="list-style-type: none"> <li>The current sales price, net of any sales concessions or incentives to purchase OR</li> <li>Current appraised value.</li> </ul>  | <b>Property Value</b><br>Sales price – concessions or incentives = \$100,000<br>Appraised Value = \$110,000<br>Property Value = \$100,000                      |
| <b>Eligibility</b>   | Reflected on the Radian matrices as LTV/CLTV.   | <b>Eligibility Calculation</b><br>LTV+CLTV+HCLTV = Eligibility   |
| <b>LTV</b><br>Loan-to-Value  | The LTV ratio is defined as the 1st mortgage loan amount (excluding any financed MI premium), divided by the property value. Eligibility and pricing are based on the LTV.  | <b>LTV Calculation</b><br>1st mortgage loan amount before any MI financed premium/Property value = LTV   |
| <b>GLTV</b><br>Gross Loan-to-Value<br>(Displays as TLTV on Radian's mortgage insurance commitments and certificates) | The GLTV ratio is defined as the 1st mortgage loan amount plus the financed portion of a borrower paid mortgage insurance premium (MI financed premium), divided by the property value. The borrower may finance any portion of a borrower paid up-front mortgage insurance premium not to exceed a GLTV Ratio of 100% or the maximum GSE loan limit. | <b>GTLV Calculation</b><br>1st mortgage loan amount + the MI financed premium/Property value = GLTV  |
| <b>CLTV</b><br>Combined Loan-to-Value  | The CLTV ratio is defined as the 1st mortgage loan amount plus the unpaid balance of any closed end subordinate financing plus the drawn balance on any HELOC divided by the property value. The MI financed premium is excluded from this calculation.   | <b>CLTV Calculation</b><br>1st mortgage loan amount + balance on all closed-end second liens + the drawn balance of a HELOC/Property value = CLTV              |
| <b>HCLTV</b><br>Home Equity Combined Loan-to-Value   | The HCLTV is defined as the 1st mortgage loan amount and the full amount of any HELOC (including undrawn funds) and the unpaid balance of all closed end subordinate financing divided by the property value. The MI financed premium is excluded from this calculation.  | <b>HCLTV Calculation</b><br>1st mortgage loan amount + balance on all closed-end second liens + drawn and undrawn amounts of all HELOCs/Property value = HCLTV |

**2. New Construction/Construction-to-Permanent**

Follow Agency guidelines and definitions for One Close or Two Close; Purchase or Refinance; and determining Loan to Value (LTV).

**a. New Construction/Construction-to-Permanent (12 month commitment)**

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, or the lender requires coverage during construction, a New Construction/Conversion of Construction-to-Permanent, 12 month, commitment term may be requested when initially ordering mortgage insurance by a notation on the Mortgage Insurance application or by selecting Const. to Perm 12 month commitment in MI Online and subject to:

- 1 Unit primary residence including manufactured housing, second home, detached single family unit, including PUD, detached (Site) Condo.
- 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.

Effective:  
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### **Age of Documentation at Activation (12 month Commitment):**

If underwriting documentation is over 120 days old at the time that coverage is activated, the following updates to that documentation, current to within 120 days of activation are required:

- The construction financing may have no late payments and must be current as of the date the insurance is activated.
- Recertification of value
- Verbal verification of employment

A decrease in value or change in employment would require the borrower to qualify based on Radian's guidelines at the time of the original commitment.

### **3. Postponed Improvements/Financed Improvements**

#### **a. Postponed Improvements**

Radian does not restrict the lender from establishing an escrow account for postponed improvements that meet Agency guidelines.

#### **b. Financed Improvements**

Radian insures loans that include financed improvements:

- Eligible for Manual Conforming only.
- Improvements may be no more than 35% of the completed value.
- LTV is based on the as completed value.

*As a reminder:* The value entered into the Purchase Price field in MI Online must be the *as completed* value.

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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 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.

### **2. Documentation**

#### **a. Full or Standard Documentation**

Mortgage insurance applications are to include documentation sufficient to meet Agency defined requirements for full/standard documentation.

[Click here for guidelines specific to Radian insured transactions refinanced under Fannie Mae High LTV Refinance Option or Freddie Mac Enhanced Relief Refinance<sup>SM</sup> programs](#)

#### **b. AUS Documentation Waivers**

[Link to Medical Professional Program matrix](#)

[Link to Non-Agency Jumbo matrix](#)

#### **c. Subordinate Financing Eligibility**

- For secondary financing eligibility for Manual Affordable; Housing Finance Agencies (HFAs); Federal Home Loan Bank (FHLBs) Purchase; Rate/Term Refinance transactions including community seconds or grants. See eligibility matrix for CLTV limits.

[Link to Manual Affordable; Housing Finance Agencies \(HFAs\) Federal Home Loan Bank \(FHLBs\) Eligibility matrix](#)

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**d. Purchase Transactions**

- Radian does not insure purchase transactions with simultaneous subordinate mortgage liens or secondary financing.

**e. 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.

**3. 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**

Follow Agency guidelines for rate/term refinances. In addition, Radian allows the following flexibilities:

- Pay off of a non-purchase money fixed subordinate lien seasoned for at least 12 months or a Home Equity Line of Credit evidencing total draws not exceeding \$2000 within the last 12 months.
- **Payoff of an unseasoned, non-purchase money subordinate lien used entirely to make improvements to the subject property.**
- Cash back to the borrower not to exceed the lesser of 2% of the new loan amount or \$2,000.
- Existing subordinate liens may be re-subordinated provided the maximum CLTV/ HCLTV is not exceeded for the program. New subordinate mortgage liens/secondary financing are not allowed.  
[Link to Mortgage Eligibility – LTV](#)
- Buyout of an owner's interests following Agency guidelines may be considered as a limited cash-out refinance.
- Transactions that meet Agency Delayed Financing guidelines and documentation.

**4. Transaction Characteristics/Property Features**

**a. Property Flips**

Increases in value as a result of the sale of a property recently acquired by the seller after a brief holding period typically for profit must be documented and analyzed to ensure the risk presented within the transaction is appropriate.

**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.

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. Borrower

### 1. Borrower Credit Evaluation

A borrower may qualify through the use of traditional or non-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. Traditional Credit Requirements

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

| Minimum representative FICO-based credit score as required per the eligibility matrix   | A minimum of three trade lines on the credit report which have been active and evaluated for a minimum of twelve months   |
|---|---|
| <p>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:</p> <ul style="list-style-type: none"> <li>• If two scores are provided, the lower score will be used.</li> <li>• If three scores are provided and two are identical, the identical score will be used.</li> <li>• If three scores are provided, the middle score will be used.</li> </ul> | <ul style="list-style-type: none"> <li>• A trade line is defined as a housing, installment or revolving account listed on a credit report that is the responsibility of the borrower. <ul style="list-style-type: none"> <li>– Housing payment history reported on the credit report may not exceed 0X30 last 12 months and must be current as of application and closing.</li> <li>– Authorized user accounts are not eligible unless the borrower can evidence they have made all required payments for the past twelve (12) months.</li> </ul> </li> <li>• 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. <ul style="list-style-type: none"> <li>– 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.</li> </ul> </li> </ul> |

#### Judgments; Tax Liens

Any judgment or lien which may impact title must be satisfied.

### Significant Derogatory Credit Events Requirements

| Derogatory Event   | Waiting Period Requirements with satisfactory re-established credit | Waiting Period Requirements with Agency defined extenuating circumstances and satisfactory re-established credit |
|--|---|--|
| <b>Bankruptcy</b><br>Chapter 7 or 11   | 4 years from discharge date   | 2 years from discharge date<br>Maximum LTV 95%   |
| <b>Bankruptcy</b><br>Chapter 12 or 13  | 2 years from discharge date<br>4 years from dismissal date          | 2 years from discharge date<br>2 years from dismissal date<br>Maximum LTV 95%                                    |
| <b>Bankruptcy</b><br>Multiple filings within last 7 years  | 5 years from most recent discharge or dismissal date                | 3 years from most recent discharge or dismissal date<br>Maximum LTV 95%  |
| <b>Foreclosure</b>   | 5 years   | 3 years<br>Primary Residence<br>Maximum LTV 90%<br>Purchase; Rate/Term Refinance                                 |
| <b>Short sale; Deed in Lieu of Foreclosure; Mortgage Charge-off; Modification resulting in principal forgiveness</b> | 4 years   | 2 years<br>Maximum LTV of 95%  |

Note: When both a bankruptcy and foreclosure are disclosed on the loan application or on the credit report, the lender may apply the bankruptcy waiting period. Documentation must be included in the loan file that the mortgage loan in question was discharged in the bankruptcy. Otherwise the greater of the bankruptcy or foreclosure waiting period applies.

*Satisfactory re-established 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, short sale, mortgage charge-off or modification resulting in principal forgiveness:

- 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.

#### b. Non-traditional Credit Requirements

Manually Underwritten files using Non-traditional credit must be underwritten by Radian. 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:*

- Purchase or Rate/Term Refinance
- Primary residence
- Single family, attached or detached PUD or condo
- Maximum Agency Base Conforming for the Contiguous States, Alaska and Hawaii loan amounts
- Arms-length transaction
- Non-delegated submission

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

- 1. An Agency 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.**  
**Borrowers without an available housing reference may evidence systematic monthly savings over the most recent twelve months in an amount equal to or greater than the proposed mortgage payment including taxes, insurance, HOA.**
- 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 payments made over a minimum period of twelve months on each account.**

[Link to Pricing and Eligibility \(Non-Traditional Credit\)](#)

**4. Satisfactory credit quality defined as follows:**

|   |  |
|---|--|
| <b>Mortgage or Rental History</b>   | <ul style="list-style-type: none"> <li>• 0 x 30 in the past 12 months. Must be current at the time of loan application and closing.</li> <li>• Borrowers without an available housing reference may evidence systematic monthly savings over the most recent twelve months in an amount equal to or greater than the proposed mortgage payment including taxes, insurance, HOA.</li> </ul> |
| <b>Non-traditional Credit Reference</b>   | No more than 1 x 30 in the past 12 months.   |
| <b>Traditional Credit Reference</b>   | No more than 1 x 30 in the past 12 months.   |
| <b>Judgments, Collections, Charge-offs, Garnishments, Repossessions, Tax Liens, Housing related default</b> | None in the past 60 months. All credit references used to meet eligibility requirements must have originated after the date the public record was filed. Medical collections may be exempt with a letter of explanation and resolution in place.   |

**1) Outside of Manual 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.

**Liabilities**

All debts must be included in the debt-to-income ratio. Installment debts with less than 10 months remaining for the balance to be paid in full may be excluded from the debt ratio. However, if continued payment of such debt will have a material effect on the borrower’s ability to repay all obligations in a timely manner, then it must be included in the DTI calculation. Follow all other Agency requirements.

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### Student Loans

If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the lender must determine the qualifying monthly payment using one of the options below.

- If the borrower is on an income-driven payment plan, the lender may obtain documentation to verify the actual monthly payment is \$0. The lender may then qualify the borrower with a \$0 payment.
- The lender may calculate:
  - a payment equal to 0.5% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or
  - a fully amortizing payment using the documented loan repayment terms.

## 2. Borrower Capacity

### 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.

### a. Income/Employment

The following income used to qualify the borrower must come from a source that is stable, likely to continue, defined and documented per Agency guidelines.

|  |                                      |
|--|--------------------------------------|
| Base pay, bonus, and overtime                    | Mortgage Credit Certificates         |
| Commission                                       | Mortgage Differential Payment income |
| Second Job                                       | Notes receivable                     |
| Seasonal employment                              | Public Assistance                    |
| Variable income                                  | Rental Income                        |
| Self-employed income                             | Restricted Stock                     |
| Alimony or child support                         | Retirement, Pension                  |
| <a href="#">Link to Alimony or child support</a> | Royalties                            |
| Automobile allowance                             | Temporary Leave income               |
| Capital gains                                    | Tip income                           |
| Disability income, long term                     | Trust income                         |
| Housing or Parsonage allowance                   | Unemployment Benefits                |
| Interest and Dividends                           | VA Benefits                          |

### Non-Occupant Co-Borrower

[Link to Non-Occupant Co-Borrower](#)

### Non-Taxable Income

If the income is verified to be nontaxable, and the income and its tax-exempt status are likely to continue, the lender may develop an "adjusted gross income" for the borrower by adding an amount equivalent to 25% of the nontaxable income to the borrower's income.

If the actual amount of federal and state taxes that would generally be paid by a wage earner in a similar tax bracket is more than 25% of the borrower's nontaxable income, the lender may use that amount to develop the adjusted gross income, which should be used in calculating the borrower's qualifying ratio.

Examples of non-taxable income include:

- Child support payments
- Social Security benefits
- Workers' compensation
- Certain types of public assistance and food stamps
- Other income documented per Agency guidelines as being non-taxable.

**b. Additional Income Sources**

**Alimony or Child Support**

- Follow Agency requirements.
  - In lieu of court documents provide the voluntary payment agreement with evidence of 12 months on-time receipt of payments.

**Boarder Income**

Boarder income may be used as qualifying income when one of the following is met:

- When a borrower with disabilities receives rental income from a live-in personal assistant, whether or not that individual is a relative of the borrower, the rental payments can be considered as acceptable stable income in an amount up to 30% of the total gross income that is used to qualify the borrower for the mortgage loan. Personal assistants typically are paid by Medicaid Waiver funds and include room and board, from which rental payments are made to the borrower.
- Boarder income meeting Fannie Mae HomeReady™ or Freddie Mac Home Possible eligibility.

**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 ninety days.

**Foster Care**

Income received from a state- or county-sponsored organization for providing temporary care for one or more children may be considered acceptable stable income if the borrower can document a two year history of providing foster care.

If the borrower has not been receiving this type of income for two full years, the income may still be counted as stable income if:

- the borrower has at least a 12-month history of providing foster-care services, and
- the income does not represent more than 30% of the total gross income that is used to qualify for the mortgage loan.

**Increase in Salary/Wage**

The calculation of the borrower’s Stable Monthly Income and documentation of the amount in the Mortgage File may include income from a future salary increase provided that:

- The borrower’s employer verifies in writing the amount and effective date of the salary increase and the documentation is retained in the Mortgage file; and
- The effective date of the salary increase is not more than 90 days after the Note Date.
- The borrower must have reserves to cover any shortfall in monthly income until the effective date of the increase.

**Military Income – Base Pay, Flight or hazard pay, rations, clothing allowance, quarters’ allowance**

The discharge date must extend at least three years from the application date or the borrower must have the ability to re-enlist.

**Ineligible Sources of Income**

Trailing Spouse Income.

**Tax Returns, Tax Extensions, Transcripts**

Follow Agency guidelines and documentation requirements.

**Assets**

**1) Down payment Requirements**

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

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

|  |             |
|--|-------------|
| Manual Conforming                              | 1–2 Unit 3% |
| Manual Affordable                              | 3–4 Unit 5% |
| Manual High Cost                               | 5%          |
| Non-Agency Jumbo                               |             |
| Manual Conforming/Non Agency Jumbo Second Home | 10%         |

[Link to Medical Professional Program guidelines](#)

[Link to Super Jumbo guidelines](#)

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

**(1) *Borrower Own Funds* are defined as:**

- Depository assets which have been seasoned or sourced and are under the ownership and control of the borrower.
- Personal gifts, gifts of equity, and down payment assistance loans or grants from employers, non-profit organizations, or non-profit credit unions, meeting Agency eligibility requirements, are acceptable sources of occupant borrower own funds for purchases and rate/term refinances when:
  - The property is a single family primary residence, Agency Base Conforming for the Contiguous States Alaska and Hawaii loan amounts and;
  - The 3% is verified as available in the borrower’s asset accounts (Depository, Retirement, Stock) or;
  - The borrower’s FICO  $\geq$  680.
  - Down payment assistance as a result of premium pricing is ineligible.

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For both delegated and non-delegated submissions, the submitting lender must determine whether the down payment assistance loan(s) or grant(s) comply with the applicable Agency eligibility requirements and must include an evaluation of the data submitted to determine Agency eligibility upon request.

*As a reminder:* These loans must be properly identified in MI Online by populating “No” to Borrower 3% Funds field and answering the corresponding questions regarding source of funds for closing.

- Borrower entitled proceeds from the sale of real estate owned.
- Non-depository assets which are owned by the borrower.
- 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 are considered seasoned.

#### 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 **aggregate** deposits, exceeding fifty percent (50%) 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 producing revenue, or CPA letter stating the withdrawal of said funds will not negatively impact the business.

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**(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
- Sweat equity
- Non-liquid assets including retirement accounts which are not eligible for liquidation upon request.

**2) Reserves**

The borrower must evidence assets defined, sourced, and documented per Agency guidelines 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:

| Purchase and Refinance Transactions                              | Number of months |
|--|------------------|
| 1 Unit Primary; Second Home Purchase or Rate/Term Refinance      |                  |
| Rate/Term refinance resulting in reduced monthly housing expense | <b>0</b>         |
| ≤ \$650,000  | <b>2</b>         |
| \$650,001 – \$850,000  | <b>6</b>         |
| \$850,001 – \$1,000,000  | <b>9</b>         |
| > \$1,000,000  | <b>12</b>        |
| 2–4 Unit Primary   | <b>6</b>         |

[Link to Medical Professional program reserves](#)

[Link to Super Jumbo reserves](#)

**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 Type 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 cannot 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.

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**c) Out-buildings**

Outbuildings may not accommodate agriculture or business use and must be typical for the area with value and marketability supported by comparable 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:

- Agency non-warrantable, PUDs and co-ops
- Condotels
- Single-wide manufactured homes
- Manufactured housing that is either a site condo or located within a PUD
- Projects made up of student housing (“Kiddie Condos”)

**b. Project Acceptance**

*For both delegated and non-delegated submissions, the submitting lender must determine whether the PUD, Condo or Co-op 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) Condos**

- Condo units that are sold with recourse in exchange for reduced project eligibility reps and warrants require prior Radian approval.
- Lenders targeting and marketing loan services within a project are limited to the higher of one unit or 40% of the project.

**2. Assessment of Value and Condition**

Follow all Agency requirements including due diligence when reviewing the appraisal. The appraisal is to be reported on the appropriate form for the property type as determined by the Agencies and subject to:

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

**1) 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.

- 2) Radian will allow the use of an origination appraisal for a subsequent transaction if the following requirements are met:
  - The subsequent transaction may only be a limited cash-out refinance.
  - The appraisal report must not be more than 12 months old on the note date of the subsequent transaction. If the appraisal report is greater than 4 months old on the date of the note and mortgage, then an appraisal update is required. (See previous section)
  - The lender must ensure that the property has not undergone any significant remodeling, renovation, or deterioration to the extent that the improvement or deterioration of the property would materially affect the market value of the subject property.
  - The borrower and the lender/client must be the same on the original and subsequent transaction.
- 3) A full interior/exterior inspection is required.
- 4) Field reviews obtained by the lender to satisfy Agency 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:
  - Changes in value must be in compliance with Agency guidelines.
  - Receipt of the original appraisal.
  - Documentation and/or explanation as to why the original appraisal report was not accepted by the lender.
- 5) 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.

[Link to Postponed or Financed Improvements](#)

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## **E. Loan Specifics**

### **1. Interested Party Contributions**

#### **a. Financing Concessions**

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

Financing concessions are permitted per Agency limits. Credits for repairs or decorating may be included within these limits up to a maximum of 3%.

[Link to Abatements](#)

##### **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 exceeding Radian's maximum for repair or decorating credits 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.

**d. Abatements**

**1) Eligible**

The first 12 monthly mortgage insurance premiums may be paid on behalf of the borrower by the builder/seller of a newly constructed or existing primary residence within Agency Interested Party Contribution limits. The borrower is qualified on the full PITI(A).

**2) Ineligible**

- Except under an eligible temporary buydown plan 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 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

- Eligible on Primary and Second Homes Purchase and Rate/Term Refinance transactions.
- Maximum LTV 95%.
- The minimum balloon term is five years.

### c. Temporary Buy Downs

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

## 3. Payment Qualification

|   |  |   |
|---|--|---|
| Fixed Rate                                  | Note Rate  | Temporary Buy Down<br>Not Included in Qualifying<br>Payment Calculation |
| Balloon                                     | Note Rate  |   |
| ARMs with initial fixed period<br>≤ 5 years | Qualify using the higher of the Note<br>Rate plus 2% or the Fully Indexed;<br>Accrual Rate (margin plus index<br>value), also referred to as FIAR. |   |
| ARM with initial fixed period<br>> 5 years  | Starting Note Rate   |   |

## 4. ARM Maximum Interest Rate Caps

| Initial Fixed Period      | Initial Cap | Periodic Cap | Lifetime Cap |
|---------------------------|-------------|--------------|--------------|
| 6 months                  | 1%          | 1%           | 5%           |
| 1–2 year                  | 2%          | 2%           | 6%           |
| 3/1 and 3/3 year          | 3%          | 2%           | 6%           |
| 5/1 and 5/5 year ≥ 5 year | 6%          | 2%           | 6%           |

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## 4 Special Programs: Debt Ratio 45.01%–50%; Medical Professional Program; Super Jumbo \$1,000,001–\$1,500,000

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The matrices contained within this chapter were developed in partnership with lenders and investors serving a particular market segment and underwriting for their own portfolios. Interested correspondent lenders should contact their Radian account representative for secondary market information.

## Debt Ratio 45.01%–50% to \$650,000

### Manual Underwriting Guidelines

#### 1 Unit Primary Residence

#### Purchase; Rate/Term Refinance

*Conforming; FHFA High Cost; Non-Agency Jumbo*

|  |  |
|--|--|
| <b>Credit</b>  | <ul style="list-style-type: none"> <li>• 740 FICO</li> <li>• Housing history 0X30 last 12 months all borrowers</li> <li>• 5 institutional trade lines on credit report reflecting at least 24 months payment histories             <ul style="list-style-type: none"> <li>– With 3 of the trade lines open and active in the last 12 months</li> <li>– Authorized User accounts excluded</li> </ul> </li> <li>• Judgments or liens which may impact title must be satisfied</li> <li>• No bankruptcies; foreclosures; short sales, deed in lieu</li> </ul> |
| <b>Documentation</b>   | Manual underwriting only;<br>Agency AUS document waivers ineligible  |
| <b>Exclusions</b>  | New Construction/Construction-to-Permanent 12 month Commitment   |
| <b>Gifts</b>   | Gifts are permitted after borrower's 5% minimum contribution   |
| <b>LTV</b>   | Maximum 95%  |
| <b>Property</b>  | Single family, detached and attached, includes PUDs; Agency warrantable Attached/Detached Condos, Co-ops   |
| <b>Transaction</b>   | Maximum term 30 years; Fixed rate;<br>ARMs with initial fixed period 5 years or greater  |
| <b>Submission</b>  | Delegated; Non-delegated   |
| <b>All other Radian Manual Underwriting Guidelines apply</b> |  |

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## Medical Professional Program

### Manual Underwriting Guidelines

#### Primary Residence

#### Purchase; Rate/Term Refinance

|                                   |  |
|-----------------------------------|--|
| <b>Appraisal</b>                  | 1 full appraisal   |
| <b>Borrower</b>                   | US citizens; Permanent and Non-Permanent Resident Aliens<br>Medical Doctor or Surgeon (MD, DO, OD, DPM) Dentist (DDS, DMD) actively practicing medical doctors, dentist or dental surgeons, or professors, physician assistants; OR newly licensed medical residents who are currently employed or are in residency; OR newly licensed medical, dentists or dental students who are about to begin their new employment/residency within 90 days of closing  |
| <b>Credit</b>                     | Follow Radian Manual Underwriting criteria   |
| <b>Debt Ratio (Student loans)</b> | 45% – Student loans payments documented as deferred at least 12 months from closing are excluded from Debt to Income Ratio<br>Medical Residents with a minimum of 6 months residency remaining may use the alternative documentation listed below as evidence that student loan will be in deferment for at least 12 months: <ul style="list-style-type: none"> <li>• Letter from employer verifying the medical resident's start date, or</li> <li>• Letter from the employer verifying at least 6 months residency remaining, or</li> <li>• Letter from the student loan servicer confirming that student loan payments will be in deferment for at least 12 months</li> </ul> |
| <b>Gifts</b>                      | Gifts are permitted after borrower's minimum contribution from own funds<br>3% minimum contribution ≤ FHFA Base Conforming for the Contiguous States<br>5% minimum contribution > FHFA Base Conforming for the Contiguous States   |
| <b>Income</b>                     | Salary;<br>Executed employment contract or offer letter <ul style="list-style-type: none"> <li>• Start date within 90 days of closing</li> </ul> Self-employed minimum of 2 years <ul style="list-style-type: none"> <li>• Income documented with 2 years tax returns evidencing at least 13 months self-employment income</li> </ul> Income from non-occupant co-borrower ineligible  |
| <b>Property</b>                   | Fee Simple 1 Unit detached/attached, includes Agency warrantable PUDs; Condos; Co-ops  |
| <b>Reserves</b>                   | 2 months ≤ \$650,000<br>6 months \$650,001–\$850,000<br>9 months \$850,001–\$1,000,000   |
| <b>Transaction</b>                | Maximum term 30 years; Fixed rate; ARMs with initial fixed period 3 years or greater   |
| <b>Submission</b>                 | Delegated; Non-delegated; Must be submitted through MI Online  |

**All other Radian Manual Underwriting Guidelines apply**

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| <b>Super Jumbo</b><br><b>Manual Underwriting Guidelines</b><br><b>Primary Residence</b><br><b>Purchase; Rate/Term Refinance</b><br><b>Loan amounts \$1,000,001 – \$1,500,000</b> |   |
|--|---|
| <b>Appraisal</b>   | One full appraisal and one of the following performed by a second independent appraiser: <ul style="list-style-type: none"> <li>• Second full appraisal</li> <li>• Desk or field review</li> <li>• Desktop appraisal</li> <li>• Exterior-only inspection appraisal</li> </ul>   |
| <b>Borrower</b>  | Non-Occupant co-borrowers excluded  |
| <b>Credit</b>  | <ul style="list-style-type: none"> <li>• Housing history 0X30 all borrowers</li> <li>• 3 institutional trade lines on credit report open and active last 12 months</li> <li>• Authorized User accounts excluded</li> <li>• Judgments or liens which may impact title must be satisfied</li> <li>• No bankruptcies; foreclosures; short sales, deed in lieu</li> </ul> |
| <b>Debt Ratio</b>  | 43%   |
| <b>Documentation</b>   | Agency AUS document waivers ineligible  |
| <b>Gifts</b>   | Gifts are permitted after borrower's 5% minimum contribution  |
| <b>Property</b>  | Single family, detached and attached, includes PUDs; detached site condos   |
| <b>Reserves</b>  | 12 months   |
| <b>Transaction</b>   | Maximum term 30 years; Fixed rate; ARMs with initial fixed period 3 years or greater  |
| <b>Submission</b>  | Non-delegated<br>Must be underwritten by Radian   |
| <b>All other Radian Manual Underwriting Guidelines apply</b>   |   |

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Radian Guaranty Inc.

1500 Market Street  
Philadelphia, Pennsylvania  
19102-2148

800.523.1988  
215.231.1000

**radian**