

# Eligibility Matrices

[Link to Eligibility Matrices](#)

# Underwriting Guidelines

[Link to Underwriting Guidelines](#)

September 26, 2022

**radian**

# Revision Highlights

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September 26, 2022

## Introduction

The Introduction has been updated to address where to locate Radian announcements on temporary COVID-19 guidance.

## Section 1 – Eligibility Matrices

The Eligibility Matrices have been restructured and consolidated, with key changes noted below.

### Manual Underwrite (Loan Amounts ≤ FHFA Maximum Limits)

- Minimum 620 FICO for Primary Residences (1–2 Units and Manufactured Housing)
- Minimum 620 FICO for Second Homes
- Minimum 700 FICO for 3–4 Units
- Maximum 95% LTV for Manufactured Housing and 2–4 Units
- Maximum FHFA Base Conforming loan amount for the Contiguous States for 4 Unit properties

### Medical Professional Program

- Doctor of Chiropractic (DC), Nurse Practitioner (NP), Registered Nurse (RN), nurse sub-specialist, Certified Public Accountant (CPA), and Attorney added as permissible professions

1 Unit:

- Maximum \$850,000 loan amount, up to 97% LTV, with a minimum 660 FICO and maximum 45% DTI
- Maximum \$1,750,000 loan amount, up to 85% LTV, with a minimum 720 FICO and maximum 43% DTI
- Maximum \$2,000,000 loan amount, up to 85% LTV, with a minimum 740 FICO and maximum 43% DTI

### Loan Amounts > FHFA Maximum Limits (including Medical Professional Program)

- One appraisal required for loan amounts up to \$1,500,000.
- New Construction/Construction-to-Permanent loans permitted up a maximum \$2,000,000 with an 85% LTV

1 Unit:

- Maximum \$1,000,000 loan amount, up to 95% LTV, with a minimum 680 FICO and a maximum 45% DTI
- Maximum \$1,250,000 loan amount, up to 90% LTV, with a minimum 680 FICO and a maximum 45% DTI

2 Units:

- Maximum \$1,000,000 loan amount, up to 90% LTV, with a minimum 720 FICO and a maximum 43% DTI
- Maximum \$1,000,000 loan amount, up to 85% LTV, with a minimum 700 FICO and a maximum 43% DTI

## Section II – Policy Chapters

- A new section, titled Applicable Laws has been added.
- Delegated submissions permitted for loan amounts up to \$1,500,000
- Reserve requirements have been reduced updated for loans up to \$1,250,000

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# Introduction

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Radian Guaranty Inc. (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, [including temporary COVID-19 changes, and will communicate any changes to loan eligibility through our published eBulletin announcements.](#)

Our guidelines are structured to simplify the mortgage insurance process and provide underwriting clarity. Loans which receive an GSE 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 Underwrite, including Non-AUS, AUS ineligible recommendations, the Medical Professional Program, and [Loan Amounts > FHFA Maximum Limits.](#)

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 Underwrite**

For loans that do not meet *One Underwrite (AUS)* eligibility, Manual Underwrite guidelines are provided [for Conforming Loan Amounts, FHFA High Cost, Affordable Housing/Housing Finance Agencies \(HFAs\), Federal Home Loan Banks \(FHLBs\), the Medical Professional Program, and Loan Amounts > FHFA Maximum Limits.](#)

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 \(723.4261\)](tel:877.RADIAN1) or your Radian representative.

# Section I – Eligibility Matrices

The Eligibility Matrices apply to loans submitted to Radian for mortgage insurance and can be used to quickly identify eligibility criteria specific to the transaction and property type.

- One Underwrite (AUS) & Manual Underwrite
- Affordable Housing
- Medical Professional Program
- Loan Amounts > FHFA Maximum Limits

Please see Section II – Policy Chapters for additional underwriting guidelines and requirements.

One Underwrite (AUS) & Manual Underwrite Loan Amounts ≤ FHFA Maximum Limits					
Purchase; Rate/Term Refinance; Renovation; New Construction/Construction-to-Permanent <sup>1</sup>					
Primary Residence	Property Type		Maximum LTV/CLTV <sup>2</sup>	Maximum Loan Amount <sup>3</sup>	Minimum Credit Score <sup>4</sup>
	1 Unit, detached/attached, includes PUDs; Condos; Co-ops		97%	FHFA Base Conforming and High Cost	620
	Manufactured Housing		95%		
	2 Units				
	3 Units			FHFA Base Conforming	700
4 Units					
Second Home <sup>5</sup>	1 Unit detached/attached, includes PUDs; Condos; Co-ops; Manufactured Housing		90%	FHFA Base Conforming and High Cost	620
Underwriting Requirements					
<b>1 New Construction/ Construction-to-Permanent</b>		2-4 Units; Co-ops; ARMs with initial fixed period < 3 years, and properties located in Guam are not permitted			
<b>2 LTV</b>		Fannie Mae MH Advantage™ and Freddie Mac CHOICEHomeSM with LTVs > 95% require an Approve/Accept/Eligible			
		Properties located in Guam are limited to a maximum 90% LTV for Manual Underwrite			
<b>3 Loan Amount</b>		FHFA High Cost loan amounts are limited to a maximum 95% LTV for Approve/Eligible, Accept/Eligible, Approve/Ineligible, and Accept/Ineligible			
		Manufactured Housing, 2 Units, and Second Homes are limited to FHFA Base Conforming for Manual Underwrite			
		3-4 Units, and properties located in Guam are limited to the FHFA Base Conforming for the Contiguous States for Manual Underwrite			
<b>4 Credit Score Requirements</b>		620 average median credit score permitted for DU Approve/Eligible loans with multiple borrowers			
		Follow GSE guidelines for RefiNow™ and Refi Possible®			
<b>5 Second Home</b>		Non-traditional Credit, and properties located in Guam are not permitted for Manual Underwrite			
ARMs	<b>Approve/Eligible or Accept/Eligible</b>	Follow GSE guidelines			
	<b>Approve/Ineligible or Accept/Ineligible</b>	1-2 Unit – ARMs require minimum 3 year initial fixed period			
		Manufactured housing – ARMs require minimum 5 year initial fixed period			
		3-4 Units not permitted			
	<b>Manual Underwrite</b>	Primary Residence	1 Unit	>95% LTV	ARMs require minimum 3 year initial fixed period
				>90% LTV	ARMs require minimum 1 year initial fixed period
				≤90% LTV	ARMs require minimum 6 month initial fixed period
		Second Home	Manufactured Housing		ARMs require minimum 5 year initial fixed period
			2 Unit		ARMs require minimum 3 year initial fixed period
			3-4 Units not permitted		
<b>DTI</b>	<b>AUS</b>	Per AUS			
	<b>Manual Underwrite</b>	Maximum 45%			

[Link to One Underwrite \(AUS\) guidelines](#)

[Link to Manual Underwrite guidelines](#)

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## Affordable Housing One Underwrite & Manual Underwrite

### Loan Amounts ≤ FHFA Maximum Limits

Includes: Fannie Mae HomeReady®, HFA Preferred™ and Freddie Mac Home Possible®, HFA Advantage®<sup>1</sup>

#### Purchase; Rate/Term Refinance; Renovation; New Construction/Construction-to-Permanent<sup>2</sup>

	Property Type	Maximum LTV/CLTV <sup>3</sup>	Maximum Loan Amount <sup>4</sup>	Minimum Credit Score <sup>5</sup>
	<b>Primary Residence</b>	1 Unit, detached/attached, includes PUDs; Condos	97%/105%	FHFA Base Conforming and High Cost
Co-ops		97%/97%		
Manufactured Housing		95%/105%		
2 Units				
3 Units				
4 Units			FHFA Base Conforming	700

#### Underwriting Requirements

<b>1 AUS</b>	Fannie Mae HomeReady and HFA Preferred, Freddie Mac Home Possible and HFA Advantage require Approve/Accept Eligible; or Approve/Accept Ineligible per HFA program guidelines			
<b>2 New Construction/ Construction-to-Permanent</b>	2-4 Units; Co-ops; ARMs with initial fixed period < 3 years, and properties located in Guam are not permitted			
<b>3 LTV</b>	FHFA High Cost loan amounts are limited to a maximum 95% LTV for Approve/Eligible, Accept/Eligible, Approve/Ineligible, and Accept/Ineligible			
	Fannie Mae MH Advantage and Freddie Mac CHOICEHome with LTVs > 95% require an Approve, Accept/Eligible			
	Follow GSE requirements for secondary financing with community seconds when CLTV exceeds base LTV			
	Properties located in Guam are limited to a maximum 90% LTV for Manual Underwrite			
<b>4 Loan Amount</b>	Manufactured Housing, and 2 Units are limited to FHFA Base Conforming for Manual Underwrite			
	3-4 Units and properties located in Guam are limited to the FHFA Base Conforming for the Contiguous States for Manual Underwrite			
<b>5 Credit Score Requirements</b>	620 average median credit score permitted for DU Approve/Eligible loans with multiple borrowers			
	Follow GSE guidelines for RefiNow and Refi Possible			
<b>ARMs</b>	<b>Approve/Eligible or Accept/Eligible</b>	Follow GSE guidelines		
	<b>Approve/Ineligible or Accept/Ineligible</b>	1-2 Unit – ARMs require minimum 3 year initial fixed period		
		Manufactured housing – ARMs require minimum 5 year initial fixed period		
		3-4 Units not permitted		
	<b>Manual Underwrite</b>	1 Unit	>95% LTV	ARMs require minimum 3 year initial fixed period
			>90% LTV	ARMs require minimum 1 year initial fixed period
			≤90% LTV	ARMs require minimum 6 month initial fixed period
Manufactured Housing		ARMs require minimum 5 year initial fixed period		
2 Unit		ARMs require minimum 3 year initial fixed period		
3-4 Units not permitted				
<b>DTI</b>	<b>AUS</b>	Per AUS		
	<b>Manual Underwrite</b>	Maximum 45%		
<b>Gifts</b>	<b>1 Unit</b>	Borrower's minimum contribution may come from a gift		
	<b>2-4 Units</b>	Gifts are permitted after borrower's \$500 minimum contribution		
<b>Student Loans</b>	Payoff of student loans with community seconds permitted			
<b>Reserves</b>	<b>AUS</b>	Per AUS findings		
	<b>Manual Underwrite</b>	1 Unit – no reserves required; 2-4 Units – 6 months reserves required		
		2-4 Units – 6 months reserves required		
<b>Boarder Income</b>	Permitted from a family member who has resided with the borrower for a minimum of 6 months, not exceeding 30% of the total qualifying income, and documented per GSE guidelines			

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[Link to One Underwrite \(AUS\) guidelines](#)

[Link to Manual Underwrite guidelines](#)

## Medical Professional Program

Purchase; Rate/Term Refinance; Renovation; New Construction/Construction-to-Permanent<sup>1</sup>

	Property Type	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score	Maximum DTI
Primary Residence	1 Unit, detached/attached, includes PUDs; Condos <sup>2</sup> ; Co-ops <sup>3</sup>	97%	\$850,000	660	45%
		95%	\$1,000,000	680	
		90%	\$1,250,000		720
			\$1,500,000		
	85%	\$1,750,000	740		
		\$2,000,000			
2 Units	90%	\$1,000,000	720	43%	
	85%		700		

### Underwriting Requirements

1 New Construction/ Construction-to-Permanent		Co-ops with loan amounts >\$650,000 are not permitted 2 Unit properties are not permitted
Property Type Restrictions	2 Attached condos	Maximum \$1,750,000 loan amount
	3 Co-ops	Maximum \$1,000,000 loan amount
Eligible Professions		Actively practicing medical doctors (MD, DO, DPM, DC), dentist or dental surgeons (DDS, DMD), veterinarians (DVM), physician assistants, medical teaching professors, nurse practitioners (NP), registered nurses (RN), nurse sub-specialists, attorneys, certified public accountants (CPA), medical residents, or newly licensed medical, dentists or dental students who are about to begin their new employment/residency within 90 days of closing
ARMs		Minimum 3 year initial fixed period required
AUS Document Waivers for loans ≤ \$1,000,000	Approve/Eligible or Accept/Eligible	Follow GSE requirements for employment, income, and assets
	Approve/Ineligible or Accept/Ineligible	
	Manual Underwrite	Follow Radian's Manual Underwrite guidelines
Property Restrictions		Properties located in Guam are not permitted
Appraisal	≤ \$1,500,000	1 full appraisal
	> \$1,500,000	1 full appraisal and 1 of the following performed by a second independent appraiser: 2nd full appraisal; Radian Valuation Services; desk or field review; desktop appraisal; or exterior-only inspection appraisal
Student Loans		Student loans payments deferred at least 12 months from closing may be excluded from the DTI 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>
Income	Executed employment contracts/offer letters must reflect start date within 90 days of closing	
	Minimum of 2 years self-employed income, with tax returns evidencing at least 13 months of self-employment required	
	Income from non-occupant co-borrowers is not permitted	

[Link to Manual Underwrite guidelines](#)

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Loan Amounts > FHFA Maximum Limits						
Purchase; Rate/Term Refinance; Renovation; New Construction/Construction-to-Permanent <sup>1</sup>						
	Property Type	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score	Maximum DTI	
Primary Residence	1 Unit, detached/attached, includes PUDs; Condos <sup>2</sup> ; Co-ops <sup>3</sup>	95%	\$1,000,000	680	45%	
		90%	\$1,250,000			
			\$1,500,000	720		
		85%	\$1,750,000			
	2 Units	90%	\$1,000,000	720	43%	
85%		700				
Second Home <sup>4</sup>	1 Unit, detached/attached, includes PUDs; Condos	90%	\$1,000,000	720		
Underwriting Requirements						
1 New Construction/ Construction-to-Permanent		Co-ops and Second Homes with loan amounts >\$650,000 are not permitted				
		2 Unit properties are not permitted				
Property Type Restrictions	2 Attached condos	Maximum \$1,750,000 loan amount				
	3 Co-ops	Maximum \$1,000,000 loan amount				
4 Renovation Loans		Second Homes with loan amounts >\$650,000 are not permitted				
ARMs		Minimum 3 year initial fixed period required				
AUS Document Waivers for loans ≤ \$1,000,000	Approve/Eligible or Accept/Eligible	Follow GSE requirements for employment, income, and assets				
	Approve/Ineligible or Accept/Ineligible					
	Manual Underwrite	Follow Radian's Manual Underwrite guidelines				
Property Restrictions		Properties located in Guam are not permitted				
Appraisal	≤ \$1,500,000	1 full appraisal				
	> \$1,500,000	1 full appraisal and 1 of the following performed by a second independent appraiser: 2nd full appraisal; Radian Valuation Services; desk or field review; desktop appraisal; or exterior-only inspection appraisal				

[Link to Manual Underwrite guidelines](#)

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## **Section II – Policy Chapters**

# 1 Doing Business with Radian

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## 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. Transaction

Coverage is available on mortgage loans used to purchase or refinance a primary residence or second home.

#### d. Subject Property Location

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

#### e. 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.

#### f. Applicable Law

Lenders must ensure that loans comply with all applicable federal, state and local laws, regulations and ordinances regarding the origination, servicing, sale or purchase of residential mortgage loans, including, but not limited to, any applicable "fair lending" laws and including a duly diligent review to ensure that the borrower is not as the date of Commitment a "specially designated national" or "blocked person" as designated by the Department of Treasury's Office of Foreign Assets Control.

- Subject Properties Located in New York State

Under New York State regulatory requirements, a purchase transaction is eligible for mortgage insurance:

- If the property is a cooperative, when the loan amount is equal to or greater than 80% of the sales price; and
- For all other properties, when the loan amount is equal to or greater than 80% of the appraised value of the property.

### 2. Borrower

#### a. Identification

Radian provides mortgage insurance on loans to individuals and Inter vivo revocable trusts that meet standard GSE 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 regard 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. For more information on how to submit see [Underwriting and Submission](#).

**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.
- Radian will insure loans to borrowers as their primary residence up to a maximum of FHFA 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 comparable properties.

#### 4. Property

Radian does not insure single-wide manufactured housing **as the main collateral or as accessory dwelling units**, 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.<sup>1</sup>

###### 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.<sup>1</sup>
- 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.
- 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.<sup>1</sup>
- 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. The appraisals of these properties require additional scrutiny of the appraisal, e.g., use of recent sales, sales and financing concessions. Please refer to GSE 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 GSEs unless specifically excluded from this version of Radian's guidelines or subsequent Radian announcement.

<sup>1</sup> The lender must ensure properties held in a leasehold estate conform to GSE requirements. Radian does not review leasehold estate documents.

## B. Underwriting and Submission

### 1. Delegated; Non-delegated Submissions

**Non-delegated** underwriting requires submission to the Radian Service Center or a Radian on-site contract underwriter. Lenders who have executed an Underwriting Review Agreement with Radian Lender Services LLC may submit loan files for compliance underwriting in addition to mortgage insurance eligibility. In the absence of an Underwriting Review Agreement, Radian underwrites non-delegated submissions only for mortgage insurance eligibility, which is based on the MI Application submission data provided by the lender. It is the lender's responsibility to ensure that the MI Application submission data, including but not limited to the MI coverage selected, is accurate, on initial and any resubmissions requested.

**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 > **\$1,500,000**
- Fannie Mae MH Advantage and Freddie Mac CHOICEHome 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. 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 and Radian's decision on a submission, subject to any outstanding loan-specific requirements, will be communicated to the lender.

**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: Loan amounts > \$1,000,000 are ineligible for Credit Only or Pre-Qualification underwriting.*

**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.

- Initial 1003, signed and dated by the interviewer (and borrower if available).
- Final 1003/1008
- GSE 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 lender must be actively approved to submit business to Radian and been issued Radian's Master Policy.

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 for a single close transaction, 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.

**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 Underwrite	Eligibility	Must meet non-traditional credit guidelines <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.

**Radian  
Underwriting  
Guidelines**

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.

Resubmission is not required when:

1. **One Underwrite** – Changes are within GSE AUS resubmission tolerances.
2. **Manual Underwrite** – 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 and retained in the lender's loan file.

**e. Activation**

The loan 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 for a single close transaction, 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.

- **Two-Time Close**

The interim construction financing is not eligible for mortgage insurance. The mortgage insurance application must reflect the terms of the permanent financing.

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 GSE guidelines and AUS.
  - Manual Underwrite
    - Payment history 0X30
- New Construction/Conversion of Construction-to-Permanent, 12 month, commitment.
  - One Underwrite and Manual Underwrite
    - Payment history 0X30

Effective:  
September 26, 2022

## 2 One Underwrite (AUS)

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The GSEs analyze credit characteristics and risk features through their proprietary automated underwriting systems (GSE 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 GSE guideline changes are likewise eligible for One Underwrite (AUS) concurrent with their GSE announced effective dates.**

[Link to Eligibility/Documentation](#)

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### A. GSE Automated Underwriting Systems

#### 1. Recommendation/Response

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

Loans submitted with a custom non-GSE 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 GSE 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 GSE are permitted.

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**d. Data Integrity**

The transmission of accurate loan data to the GSE 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 GSE 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 GSEs 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 Underwrite consideration to confirm the loan file continues to meet applicable GSE guidelines. In the event the file no longer meets applicable GSE guidelines, the loan is no longer eligible for One Underwrite (AUS) and must meet Manual Underwrite guidelines.

[Link to Eligibility Matrices](#)

[Link to Manual Underwrite](#)

**b. Underwriting Assessment**

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

- 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/Response had it been known.
- Ensure that the loan complies with all of the verification messages and approval conditions specified in the AUS Underwriting Findings/Feedback 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 GSE 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/Response.

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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 Appraisal Waiver <sup>1,3</sup>	Yes	N/A
Fannie Mae Rural High-Needs Appraisal Waiver <sup>2,3</sup>	Yes (maximum 90%/90% LTV/CLTV)	N/A
Freddie Mac Automated Collateral Evaluation / Property Data Report (ACE + PDR) <sup>4</sup>	Yes	NA
Fannie Mae Collateral Underwriter <sup>®</sup> with score of ≤ 2.5 Freddie Mac Collateral Representation and Warranty Relief	Appraisals are fully underwritten including the assessment of value.	

1 If the lender exercises an Appraisal Waiver offer, the lender is not responsible for the representations and warranties related to the value, marketability, and condition of the subject property.

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

3 The lender continues to be required to represent and warrant to Radian that all of the information and data submitted to the GSE AUS are complete and accurate and all GSE requirements regarding the appraisal waiver are met.

4 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 GSE 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 AUS 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 GSE requirements including due diligence when reviewing the appraisal/property inspection report.

Effective:  
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**Radian  
Underwriting  
Guidelines**

Appraisal/Property Inspection reports must follow:

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

• **Other Documentation**

Follow the GSE 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 GSE 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 GSE 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 loans originated under GSE negotiated Variances and Terms of Business (TOBs)\* to the Lender’s Master Agreement, as issued by the respective GSE. Variances or TOBs must be active at the time of MI commitment, and loans must be salable to the respective GSE. Lenders are not required to submit general credit Variances and/or TOBs to Radian for approval prior to origination, subject to the below exclusions. The lender shall provide any Variance or TOB along with associated data reporting, upon request.

***Variances/TOBs for GSE Affordable Housing, Single Width Manufactured Housing, Lender Funded Down Payment Assistance, and Test and Learn studies (also known as “Pilots”), are excluded from the general approval and are required to be approved by Radian before submitting an MI application.***

- In addition, for mortgage insurance purposes, Radian offers the following Manual flexibilities:

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

**3. Underwriting Exclusions**

- GSE AUS Approve, Accept/Eligible
  - Fannie Mae’s High LTV Refinance Option and Freddie Mac’s Enhanced Relief Refinance

Effective:  
September 26, 2022

## D. Program Considerations

Unless specifically excluded from this version of Radian's guidelines or subsequent Radian Announcement, future GSE guideline changes are likewise eligible for One Underwrite (AUS) concurrent with their GSE 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](#)

### 2. RefiNow/Refi Possible

Radian aligns with the Fannie Mae RefiNow and Freddie Mac Refi Possible programs for existing Radian-insured loans that meet the guidelines and criteria of the respective GSE program. Loans submitted under these programs will be considered new refinance transactions.

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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 GSE eligibility requirements. This determination must include an evaluation of the integrity of all data submitted to obtain an GSE 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 Underwrite

- **Conforming Loan Amounts**
- **FHFA High Cost**
- **Affordable Housing/Housing Finance Agencies (HFAs)**
- **Federal Home Loan Banks (FHLBs)**
- **Medical Professional Program**
- **Loan amounts > FHFA Maximum Limits**

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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 GSEs' underwriting requirements can be applied.

Loans subject to the following guidelines include:

- Manual FHFA Base Conforming, Manual FHFA High Cost; Manual Affordable products for the Contiguous States, Alaska and Hawaii: The loan amount conforms to FHFA loan limits for the area in which the property is located.
  - Fannie Mae/Freddie Mac (the GSEs) loans which do not meet the One Underwrite (AUS) program.
  - Loans that are manually underwritten, including GSE and non-GSE 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).
- Loan amounts > FHFA Maximum Limits: The loan amount or parameters are outside Manual Conforming GSE 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> Sales price – concessions or incentives = \$100,000 Appraised Value = \$110,000 Property Value = \$100,000
<b>Eligibility</b>	Reflected on the Radian matrices as LTV/CLTV.	<b>Eligibility Calculation</b> LTV+CLTV+HCLTV = Eligibility
<b>LTV</b> 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> 1st mortgage loan amount before any MI financed premium/Property value = LTV
<b>GLTV</b> Gross Loan-to-Value (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> 1st mortgage loan amount + the MI financed premium/Property value = GLTV
<b>CLTV</b> 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> 1st mortgage loan amount + balance on all closed-end second liens + the drawn balance of a HELOC/Property value = CLTV
<b>HCLTV</b> 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> 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 GSE 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 for a single close transaction, 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.

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

Documentation for a single close transaction may be dated up to 12 months at the time coverage is activated for loans that meet the following:

- Maximum loan amount not to exceed FHFA loan limits;
- Maximum 95% LTV; and
- Minimum 700 credit score.

For loans that do not meet the above criteria, if the underwriting documentation is over 120 days at the time coverage is activated, the following documents are required and must be updated to be current within 120 days of activation:

- 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 the property value or a change in the loan amount resulting in an impact to LTV, a change of loan terms, or a change in employment would require the borrower to re-qualify based on Radian's guidelines at the time of the original commitment. If updated documents are required, requirements under Radian's Post Commitment Data Changes would apply. [Link to Post Commitment Changes](#)

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/Renovations/Financed Improvements**

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

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

#### **b. Renovations/Financed Improvements**

Radian insures loans that include financed improvements:

- 1–2 Unit primary residences are permitted up to a maximum \$1,000,000 loan amount.
- Second homes are permitted up to a maximum \$650,000 loan amount.
- For purchase transactions, the LTV is based on the lesser of the purchase price plus improvements or the as completed value.
- For refinance transactions, the LTV is based on the as completed value.
- Non-traditional Credit, Manufactured Housing, and 3–4 Units are ineligible.

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

### **4. RefiNow/Refi Possible**

Radian aligns with the Fannie Mae RefiNow and Freddie Mac Refi Possible programs for existing Radian-insured loans that meet the guidelines and criteria of the respective GSE program. Loans submitted under these programs will be considered new refinance transactions.

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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.

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**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.
- **Non-occupant co-borrowers are not permitted on loans >\$1,000,000.**

**2. Documentation**

**a. Full or Standard Documentation**

Mortgage insurance applications are to include documentation sufficient to meet GSE 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 Loan Amounts > FHFA Maximum Limit matrix](#)

**c. Subordinate Financing Eligibility**

- **Secondary mortgage financing is 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 GSE 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 GSE guidelines may be considered as a limited cash-out refinance.
- Transactions that meet GSE 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. Loans &gt; \$1,000,000 require both a satisfactory housing payment and three trade lines.</li> <li>– Authorized user accounts are not eligible for loan amounts &gt; \$1,000,000 and are only permitted for loan amounts ≤ \$1,000,000 when 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>

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**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 GSE defined extenuating circumstances and satisfactory re-established credit
<b>Bankruptcy</b> Chapter 7 or 11	4 years from discharge date	2 years from discharge date Maximum LTV 95%
<b>Bankruptcy</b> Chapter 12 or 13	2 years from discharge date 4 years from dismissal date	2 years from discharge date 2 years from dismissal date Maximum LTV 95%
<b>Bankruptcy</b> Multiple filings within last 7 years	5 years from most recent discharge or dismissal date	3 years from most recent discharge or dismissal date Maximum LTV 95%
<b>Foreclosure</b>	Loan amounts ≤ \$1,000,000 5 years Loan Amounts > \$1,000,000 7 years	3 years Primary Residence Maximum LTV 90% 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 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; condo; **co-op; and multi-width manufactured housing**
- Maximum FHFA 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 GSE compliant credit report which:**
  - Provides the results of FICO scoring.
  - Reports all “in file” traditional credit references and recent inquiries; and
  - 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, and HOA.
- 3. Two additional non-payroll deducted credit references.**
  - The borrower must be required to make periodic payments no longer than every three (3) 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 GSE 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 GSE 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](#)

### b. Additional Income Sources

#### Alimony or Child Support

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

#### 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.

**Assets**

**1) Minimum Borrower Contribution**

**a) A minimum borrower contribution is required for all transactions, including Medical Professional loans.**

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%
Loan Amounts > FHFA Maximum Limits	5%
Second Home	5%

*Note: The minimum investment required from the occupant borrower funds, in some cases, may be less than the total down payment required.*

The borrower is not required to make a minimum contribution from the occupant borrower’s funds when:

- The property is a single-family primary residence, FHFA base conforming loan amounts for the Contiguous United States, Alaska, or Hawaii loan amounts; and
- The 3% down payment required for a Manual loan is verified as available in the borrower’s asset accounts (Depository, Retirement, or Stock); or
- The borrower’s FICO score  $\geq$  680.

All remaining funds needed to complete the transaction can come from personal gifts, gifts of equity, down payment assistance or loans or grants from employers, non-profit organizations, non-profit credit unions, or the originating lender that meet GSE eligibility requirements. Down payment assistance as a result of premium pricing is ineligible.

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 GSE eligibility requirements and must include an evaluation of the data submitted to determine GSE 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.

**(1) Occupant borrower funds may include**

- Depository assets which have been seasoned or sourced and are under the ownership and control of the borrower.
- Borrower entitled proceeds from the sale of real estate owned.
- Non-depository assets which are owned by the borrower.
- 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.

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**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.

**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:

- 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.

**(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 GSE 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	0
≤ \$850,000	2
\$850,001 – \$1,000,000	4
\$1,000,001 – \$1,250,000	6
\$1,250,001 – \$1,500,000	9
> \$1,500,000	12
2–4 Unit Primary	6

**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](#)

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### **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.

#### **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:

- GSE non-warrantable, PUDs and co-ops
- Condotels
- Single-wide manufactured housing **as main collateral or as an accessory dwelling unit (ADU)**
- 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 GSE 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 GSEs and subject to:

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

**Radian  
Underwriting  
Guidelines**

- 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 GSE 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 GSE 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 GSE 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.

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### **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 GSE 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 5 years.
- ARMs must have an initial fixed period of 5 years or greater.

### 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.

### d. Debt Ratio 45.01–50%

- The debt-to-income ratio (DTI) may exceed 45%, up to a maximum of 50%, when the following requirements are met:
  - 1 unit primary residence (attached/detached including PUDs, condos, and co-ops)
    - New construction/construction-to-permanent 12 month commitments are not permitted
  - Maximum \$650,000 loan amount
  - Minimum 740 FICO
  - Maximum 95% loan-to-value
  - Fixed rate or ARMs with minimum 5 year initial fixed period
  - No prior bankruptcies, foreclosures, short sales, deed in lieu, mortgage charge-off or modification resulting in principal forgiveness
  - Housing history 0x30 last 12 months for all borrowers
  - 5 institutional trade lines on credit report reflecting at least a 24 month payment history
    - 3 trade lines must be open and active in the last 12 months
    - Authorized user accounts are not permitted
  - Gifts are permitted after borrower's 5% minimum contribution from own funds
  - GSE AUS document waivers are not permitted

## 3. Payment Qualification

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