

Sal Miosi
Vice President - Marketing

February 6, 2008

Dear Valued Customer:

As a result of our ongoing evaluation of market conditions and loan performance, we are making a number of changes to our base underwriting guidelines and have created a new set of guidelines for areas exhibiting market weaknesses. The following underwriting guideline changes are effective for mortgage insurance applications received by MGIC on or after **March 3, 2008**:

Standard (A) guideline changes:

- LTVs greater than 95% require a minimum credit score of 680.
- LTVs 95% or less require a minimum credit score of 620.
- Loans with nontraditional credit require a manual MGIC underwrite and are limited to a maximum LTV of 95%.
- Primary residence cash-out refinances require a minimum credit score of 680; and the maximum LTV is 90%.
- Cash-out refinances of investment property loans are ineligible.
- Loans with potential negative amortization, including Pay Option ARMs, are ineligible.

Expanded Criteria (A-) guideline changes:

- The maximum LTV is 95%.
- The minimum credit score is 660.
- Primary residence cash-out refinances require a minimum credit score of 680. (The current maximum LTV of 90% remains.)

Reduced Documentation (Alt-A) guideline changes:

- The maximum LTV is 90%.
- The minimum credit score is 660.
- As announced on Nov. 30, 2007, at least 50% of qualifying income must come from self-employment. See our Underwriting Guide at mgic.com for our self-employed definition.

Streamline Refinance changes:

- Only loans already insured by MGIC are eligible for our Streamline Refinance program.
- Additional revisions to our refinance guidelines will be posted on our website by February 15, 2008.

Restricted Markets

We are further modifying our Restricted Markets policy (originally announced on Nov. 30, 2007). While we will no longer require reducing maximum LTV/CLTV by 5%, we are establishing specific underwriting guidelines for loans insured in Restricted Markets. MGIC's list of Restricted Markets is posted on our website, www.mgic.com/restrictedmarkets.

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Restricted Markets (Continued)

Standard (A) guideline changes in Restricted Markets:

- LTV/CLTVs of 90.01%-95% require a minimum credit score of 680.
- LTV/CLTVs of 90% or less require a minimum credit score of 620.
- The maximum LTV/CLTV for condominiums is 90%.
- The maximum LTV/CLTV for MGIC's SingleFile program is 95% and a minimum credit score of 720 is required for all LTVs.

The following are not eligible in Restricted Markets:

- LTV/CLTVs greater than 95%
- Expanded Criteria (A-) product
- Reduced Documentation (Alt-A) product
- Investment property loans
- Cash-out refinances
- Potential negative amortization, including Pay Option ARMs

Additionally, loans not in an MGIC Restricted Market must meet the declining markets policy of both the lender and of the applicable Agency at the time of origination if:

- The appraiser designates the secured property as in a market having declining values and/or
- The loan receives a "Declining Markets" message from Desktop Underwriter® or Loan Prospector®

Please note that MGIC does not automatically approve loans for mortgage insurance based upon specific Agency AUS recommendations/decisions.

All of the above underwriting policy changes supersede existing lender exceptions and program approvals.

As previously announced, new premium rates across many of our insurance products (www.mgic.com/changes) will also go into effect March 3, 2008, subject to regulatory approval.

In addition to these changes, we are in the process of revising our SingleFile, LPMI, Split Premium and One-Time MI programs. We will provide you with updated information as soon as possible.

Thank you for your business in these challenging times.

Sincerely,



Sal Miosi
Vice President - Marketing