Release Notes

July 11, 2008

Release 2008-12

Refinance Surcharge Revisions and Guideline Adjustments Effective 8/25/08

What's New in This Release?

RMIC is announcing additional pricing and credit policy changes in response to continued market changes. We are increasing our surcharges for both rate & term and cash-out refinances. In addition we are adjusting our guidelines regarding Easy IQ2® submissions, debt to income ratios (DTI), bankruptcy and foreclosure seasoning requirements, conversions of primary residences to other occupancy status, and refinances in declining markets which involve the consolidation of a second lien. All changes announced in this release will be effective August 25, 2008.

The policies and pricing outlined in this release supersede existing waivers and negotiated guidelines previously granted by RMIC and apply regardless of the findings of any automated underwriting system (AUS) except where specifically noted.

Premium Rate Changes

RMIC is increasing refinance surcharges in several of our programs as follows:

Rate/Term Refinances			
Product	LTV Band	Old Surcharge	New Surcharge
Monthlies/ZIP® Monthlies	All	0.05%	0.10%
A-Minus (Class I, FICO 620+)	All	0.00%	0.10%
Singlemax Plus	90.01-95%	0.35%	0.55%
	85.01-90%	0.25%	0.40%
	Up to 85%	0.20%	0.30%
LPMIpreferred® Single Premiums	All	0.25%	0.40%

Cash-Out Refinances			
Product	LTV Band	Old Surcharge	New Surcharge
Monthlies/ZIP® Monthlies	All	0.10%	0.20%
A-Minus (Class I, FICO 620+)	All	0.15%	0.20%
Singlemax Plus	85.01-90%	0.55%	0.80%
	Up to 85%	0.45%	0.65%
LPMIpreferred® Single Premiums	All	0.50%	0.80%

Guideline/Eligibility Changes

- Second homes will be ineligible for submission using RMIC's Easy IQ2® submission process.
- Rate & term refinance loans in all declining markets which involve the consolidation of an existing subordinate loan into a first lien mortgage will be ineligible for insurance.
- Debt to income ratio (DTI) guidelines will change as follows:
  - DTIs on I/O fixed rate loans and I/O ARMs with a first adjustment in three years or more must be based on the fully amortizing principal, interest, taxes and insurance (PITI) payment.
  - DTIs on six month, one year and two year I/O ARMs with 2% caps must be based on the fully amortizing second year PITI payment.
  - For loans with a Desktop Underwriter® Approve/Eligible, Loan Prospector® Accept/Eligible or Desktop Underwriter® 7.0 Expanded Approval/Eligible recommendation, the maximum total DTI ratio will be 55%.
  - As a reminder, RMIC's qualifying ratios for conforming loans without a Desktop Underwriter® Approve/Eligible, Loan Prospector® Accept/Eligible or Desktop Underwriter® 7.0 Expanded Approval/Eligible recommendation are 33% and 41%. Non-conforming loans and loans that qualify for RMIC's Enhanced Declining Markets Policy have a maximum DTI ratio of 45% regardless of AUS recommendation.
- Bankruptcy and foreclosure seasoning requirements will change as follows:
  - The seasoning requirement on bankruptcies (other than Chapter 13) will increase from two years to four years from the date of discharge or dismissal. Two years of seasoning will be allowed only with documented extenuating circumstances.
  - Loans to borrowers with multiple bankruptcy filings during the previous 10 years will be ineligible for coverage.
  - Loans to borrowers with a foreclosure in the last five years (seven years for second homes) will be ineligible for coverage. This period is reduced to three years for borrowers with documented extenuating circumstances. In any event, loans to borrowers with a foreclosure in the previous seven years must have a minimum representative FICO score of 680 and a

maximum LTV/CLTV of 90%.

- Guidelines regarding conversion of primary residences to second homes and investment properties will change as follows:
  - Six months of reserves are required on both the new primary residence and the old one, unless the borrower has at least 30% documented equity in the old primary residence.
  - The borrower's income must be sufficient to qualify for the combined payments on both properties.
  - Rental income may not be used to offset the payment of a primary residence converted to an investment property unless the borrower has at least 30% documented equity in the property. Acceptable documentation of equity includes an appraisal, AVM or BPO from an approved source.

Updated Underwriting Guidelines and Rate Materials

RMIC's Mortgage Insurance Guidelines are available in electronic format at www.rmic.com. For your reference, a Summary of Recent Pricing and Guideline Changes is also available at www.rmic.com. If you have any questions regarding RMIC's new guidelines, please contact your RMIC Account Manager at 800-999-7642. Any premium rate changes announced in this release and their effective dates are subject to regulatory approval.