



Release Notes

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Documentation Waiver and Attached Property Guideline Adjustments

What's New in This Release?

In response to current market conditions, RMIC is eliminating eligibility for all non-GSE documentation waiver programs (i.e. all waivers other than those permitted by Desktop Underwriter® or Loan Prospector®). We will also no longer insure attached properties in the state of Florida. In addition we are reiterating our guidelines regarding attached property eligibility in other states. The elimination of Florida attached properties from eligibility will be effective for MI applications submitted on or after **August 25, 2008**, and the elimination of non-GSE documentation waivers will be effective for MI applications submitted on or after **November 1, 2008**.

The policies 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 as otherwise noted.

Guideline/Eligibility Notes

- Effective November 1, 2008, loans with less than fully documented income, assets and employment will no longer be eligible for coverage by RMIC, with the exception of the following:
 - Loans for which a lower level of documentation is permitted by DU® or LP®; and
 - Loans which meet RMIC's requirements for Alternative Documentation (pay stubs and W-2s, verbal VOE in lieu of a written Verification of Employment, bank statement copies in lieu of Verification of Deposit, etc.).

At this time, RMIC will still accept documentation requirements as determined by Fannie Mae's Desktop Underwriter and Freddie Mac's Loan Prospector.

- Effective August 25, 2008, attached properties in the state of Florida will be ineligible for coverage by RMIC. Attached properties include condominiums, cooperatives and attached planned unit developments (PUDs), which include all townhomes.
- In states where attached properties are eligible for coverage, RMIC requires that all attached housing projects be warrantable to Fannie Mae and Freddie Mac guidelines. RMIC is clarifying this position by adding specific parameters that must be met for condominium projects to be insurable.

Requirements:

- RMIC will insure the lesser of 1/3 of the units or 10 units in any one project;
- Investor concentration is limited to 30% of the project;
- Construction of the project or phase must be substantially complete (at least 90%), with a certificate of occupancy issued;
- In new projects, at least 51% of the units must be conveyed or under contract to purchasers who will occupy their unit as a primary residence or second home;
- The unit owners must be the sole owners of common areas in the project;
- No single entity may own more than 10% of the units in the project; and
- No more than 20% of the total building space in the project may be used for nonresidential purposes.

Ineligible:

- Apartment, hotel or warehouse conversions (RMIC considers the project to be a conversion if there are any unsold units in the project after the initial conversion. Resales of units that occur after all of the units in the project have sold out are insurable by RMIC).
- Condominium hotels
- Units with less than 600 square feet
- Studio units
- Investment properties
- Refinance loans
- CLTV > 90% (85% in declining markets)
- Kiddie condos (condominiums purchased for student occupancy)
- Timeshares
- Manufactured housing
- Projects in which the homeowner's association or developer is a party to litigation
- Projects affected by environmental hazards
- Multi-dwelling units

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 from www.rmic.com. If you have any questions regarding RMIC's new guidelines, please contact your RMIC Account Manager at 800-999-7642.