



This document provides a high level summary of RMIC’s Underwriting Guidelines. Please refer to www.rmic.com for complete guidelines and Release Notes announcing recent changes.

Maximum LTV • Loan Amounts

Primary • Owner-Occupied • Purchase and Rate/Term Refinances

Retail Loans ¹							
Property Type ⁴	Max Loan Amount	Stable Markets		Declining Markets ⁵			
		Max LTV/CLTV	Credit Score	Enhanced		Standard	
				Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score
1 unit	\$417,000	97% ²	720	95%	700	90%	720
1 unit	\$417,000	95%	680	95%	700	90%	720
1 unit	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
2-4 units	Ineligible						

Non-Retail Loans							
Property Type ⁴	Max Loan Amount	Stable Markets		Declining Markets ⁵			
		Max LTV/CLTV	Credit Score	Enhanced		Standard	
				Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score
1 unit	\$417,000	95%	700	90%	720	90%	740
1 unit	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
2-4 units	Ineligible						

RMIC’s maximum CLTV, including HCLTV and TLTV are the same as the maximum LTV.

- In order for a loan to qualify as Retail, the same entity, with their own personnel, must perform all of the following functions:
 - Originate and process; and
 - Underwrite (contract underwriting or having the loan underwritten by the investor is permissible); and
 - Fund and close in their own name; and
 - Order mortgage insurance coverage under their own RMIC Master Policy.

Loans must be funded from a warehouse line in the lender’s name or using the lender’s own funds. “Table-funded” loans are considered Non-Retail loans. The originating lender may sell or assign the closed loan to an aggregator or investor and still be considered Retail. A correspondent who performs all of the above functions is considered Retail.

- For loans with LTVs greater than 95%, the following guidelines apply:
 - RMIC only allows a maximum 97% base LTV. The maximum gross LTV is 103%. The loan amount in excess of 97% can only include a financed MI premium
 - Loans require an initial fixed payment term of at least 5 years
 - Purchase transactions only
 - Retail loans only
- The following guidelines apply to loan amounts > \$417,000 up to \$625,500, regardless of AUS recommendation:
 - Loan amounts are limited to the FHFA limits for the county in which the property is located, up to a maximum of \$625,500
 - No 30-day late payments on mortgages during the lesser of the last 12 months or the life of the loan

- Eligible loan products:
 - Fixed Rate
 - ARMs with an initial fixed period of at least 5 years
 - Maximum 3% seller or other interested party contributions regardless of LTV
 - RMIC’s Enhanced Declining Markets Policy applies where applicable
 - Loans > \$417,000 are not permitted in Standard Declining Markets
 - Loans must be manually underwritten or have a DU Approve or an LP Accept recommendation
 - Ineligible features: Temporary buydowns and balloon loans
 - Ineligible property: Co-ops, and unacceptable properties listed in the Ineligible Projects/Properties section
- 4 Alaska and Hawaii: Loan amounts must meet RMIC’s guidelines regardless of AUS recommendation.
 - 5 Refer to Eligible Properties–Declining Markets for complete guidelines

Primary • Owner-Occupied • Cash-Out Refinance Loans Ineligible

Second Home Loans Ineligible

Investment Property Loans Ineligible

Agency Automated Underwriting

RMIC will insure loans evaluated by Fannie Mae’s Desktop Underwriter® and Freddie Mac’s Loan Prospector® that receive the following risk class or recommendations, provided the loans also meet RMIC’s underwriting guidelines. These loans must be processed, submitted and approved in accordance with Fannie Mae and Freddie Mac requirements.

Desktop Underwriter

Eligible Loans:

- Approve/Eligible
- EA-I / Eligible – Desktop Underwriter EA-I loans must receive a DU version 7.0 or higher recommendation and must be Retail loans

Ineligible Loans:

- DU Refer and Refer with Caution loans
- EA-II and EA-III loans (except for DU Refi Plus loans that meet RMIC’s guidelines for HARP Same Servicer or HARP New Servicer)

Loan Prospector

Eligible Loans:

- Accept / Eligible

Ineligible Loans:

- LP Caution loans including Caution A-Minus loans

Documentation Requirements for Agency AUS Loans

All loans must meet RMIC’s underwriting guidelines regardless of AUS recommendation; however, RMIC does allow the use of the documentation permitted by LP or DU for the following:

- Income - Income may be documented using the documentation permitted by LP or DU. All income documentation must also be validated using IRS tax transcripts. Refer to RMIC’s complete underwriting guidelines for requirements for using IRS tax transcripts
- Assets - Down payment, closing costs and reserves must meet RMIC’s requirements; however, they may be documented using the documentation permitted by DU or LP (e.g., if DU permits one bank statement to document assets and waives reserves, RMIC will also accept one bank statement; however, the bank statement must indicate the borrower has the reserves required by RMIC)
- Rental history - Verification of rental history must meet RMIC’s requirement of 12 months unless the rental verification is not required by LP or DU

- Appraised value of the property may be verified according to DU or LP requirements (except for HARP New Servicer Loans which require a full URAR); however, it should be noted that the lender is ultimately responsible for the accuracy of the value of the subject property

Borrower Qualification

Ratios Maximum total debt to income ratio is 41% regardless of AUS recommendation.

Reserves Two months PITI required on all loans regardless of AUS recommendation. Six months reserves are required under some circumstances. Refer to RMIC's full underwriting guidelines for details. PITI includes principal, interest, taxes, insurance, ground rents, cooperative fees, homeowners' dues and any special assessments.

Seller/Interested Party Contributions

Seller contributions are evaluated for their effect on the marketability of the property; they are permitted for closing costs and prepaids only. The following are the maximums allowed:

Maximum Contribution

- 90.01-97% LTV = 3%
- 90% or less LTV on loan amounts > \$417,000 = 3%
- 90% or less LTV on loan amounts ≤ \$417,000 = 6%

Loans in Declining Markets

- All LTVs = 3%

Below market interest rates offered to borrowers by lenders to facilitate the sale of real estate owned (REO) must meet RMIC's interested party contribution limits. Each 0.25% reduction in interest rate is equivalent to one discount point (i.e., a reduction of 0.75% in rate equals a 3% interested party contribution).

NOTE: Loans in which a party to the transaction contributes funds for the down payment are not acceptable to RMIC. This includes down payment funds contributed by private non-profit agencies that are funded by property sellers and builders (Nehemiah, Ameridream, Hart, etc.).

Eligible Mortgages

Adjustable Rate Mortgages

Adjustable Rate Mortgages (ARMs) must have an index that is published nationally or regionally, easily verifiable and not controlled by the lender (e.g., LIBOR, Treasury Bill, and COFI Indexes).

- Maximum LTV: Refer to the Maximum LTV / Loan Amount tables on page one
- Qualifying Rate:
 - ARM loans with fixed periods of 5 years or less, the borrowers are qualified at the greater of the (i) Note Rate or (ii) the Fully Indexed Accrual Rate ("FIAR")
 - ARM loans with fixed periods of greater than 5 years, the borrowers are qualified at the Note Rate
- Maximum Caps
 - Maximum annual interest rate adjustment:
 - Adjustment period of 1 year or less: 2%
 - Adjustment period greater than 1 year: Generally, 1% for every year of the adjustment period
 - Life Cap: 6%, over the initial interest rate

Please refer to RMIC's complete guidelines for additional information on ARM loans.

Interest Only Loans Ineligible

Construction Permanent Loans

- Minimum credit score of 720
- Maximum LTV of 90%

- LTV/CLTV is calculated using the lower of appraised value or acquisition cost (appraised value of the land may be used in the acquisition cost if the land was purchased at least 1 year ago)
- Not eligible in Enhanced or Standard Declining Markets
- Ineligible for coverage during the construction phase

Cash-Out Refinances Ineligible

Rate/Term Refinances

- Pay off 1st mortgage only. Pay off of subordinate liens is not permitted; subordinate loans may be re-subordinated
- Pay off of a 1st mortgage that was obtained in the past six months to consolidate a first mortgage and subordinate liens is not eligible
- Related closing costs and prepaids may be included
- Disbursement of cash to borrower or any other payee not to exceed the lesser of \$2,000 or 2% of new loan amount
- Loans secured by condominiums are ineligible
- The refinance must improve the borrower's ability to repay the loan
- If the property was listed for sale in the past 6 months, evidence that the property was taken off the market must be provided. The borrower must provide an acceptable explanation and confirm intent to retain/occupy the property

Recovery Assistance Program: HARP New Servicer Option and HARP Same Servicer Option

Eligibility Parameters that apply to both HARP New Servicer Option and HARP Same Servicer Option

- RMIC must be the insurer of the existing loan
- The borrower(s) and property are the same as those on the existing loan
- The mortgage insurance percentage of coverage on the new loan may not exceed the coverage on the existing RMIC certificate
- The new loan must improve the borrower's ability to repay the loan and have sustainable terms:
 - The new loan must be fixed rate or an ARM with a minimum of 5 years before the first adjustment
 - The new loan must be fully amortizing or Interest Only with a minimum 10 year initial interest only period
- In addition to reasonable and customary closing costs, disbursement of cash to the borrower or any other payee cannot exceed \$250. Any additional cash back as identified on the HUD-1 must be applied as principal curtailment
- Existing subordinate liens may not be rolled into the new loan but may be re-subordinated
- RMIC's Declining Markets Policy does not apply
- All occupancy, property, and original documentation types are eligible
 - 1-4 units, second homes, investment property, attached properties, condominiums, jumbo loans and manufactured homes are eligible
- There is no minimum credit score
- Loans must also comply with the appropriate guidelines detailed below for either HARP New Servicer or HARP Same Servicer

Additional Eligibility Parameters for HARP New Servicer Option:

- The new loan servicer must be different from the current servicer. For same servicer transactions (where the existing servicer or an affiliate directly or indirectly refinances the loan) RMIC offers a certificate modification program detailed below in the HARP Same Servicer Option
- The new loan must be fully documented and underwritten with new or updated documents (regardless of any AUS recommendation) per Section 201 of RMIC's Underwriting Guidelines. Additionally, a full Uniform Residential Appraisal Report with an interior and exterior inspection is required. In summary, this includes:
 - Credit Report
 - Verifications of acceptable income, employment, assets and funds for closing
 - Full URAR appraisal including interior and exterior inspections
- Borrowers that originally used reduced documentation (i.e., SIVA, No Ratio, SISA, NINA, No Doc, etc.) and can now fully document their income, assets and employment are eligible
- 0 x 30 late mortgage payments for the last 12 months (or life of loan if seasoned less than 12 months)
- Maximum DTI of 55% if the borrower's monthly mortgage payment is being reduced. Otherwise, the maximum DTI is 41%

- Maximum LTV of 105% (maximum LTV is lower in some states as required by state insurance departments)
- The maximum LTV is based on the new appraised value

If a loan does not meet all of the above criteria for the HARP New Servicer Option, it may still be eligible for RMIC’s HARP Same Servicer Option.

Additional Eligibility Parameters for HARP Same Servicer Option:

- The new loan servicer must be the same as the original servicer on the loan (the existing servicer or an affiliate directly or indirectly refinances the loan)
- The mortgage insurance certificate will be modified. A new commitment will not be issued
- The existing loan does not have to be current
- The MI premium (in basis points) will remain the same as on the existing loan
- The maximum LTV is based on the original value of the property
- The borrower need not be re-qualified for the new loan; if borrower is not re-qualified, the income and credit information/credit score associated with the original loan must be provided to RMIC at the time of the insurance request

Eligible Properties

Declining Markets Policy

RMIC requires that any loan that meets any of the following criteria comply with the declining markets eligibility requirements listed below:

1. **Appraisal Data:** Loans on properties for which the appraisal indicates any of the following: property values in the subject neighborhood are “declining,” an over-supply exists, the marketing time exceeds 6 months, or there are other comments within the appraisal that indicate that values are declining; or
2. **Lender Designation:** Loans on properties that the lender considers declining; or
3. **RMIC List of Market Classifications:** RMIC places all Metropolitan Statistical Areas (MSAs) into one of three categories:
 - Not on RMIC’s Declining Markets List (check appraisal or lender’s list as indicated in 1 and 2 above); or
 - Standard Declining Markets; or
 - Enhanced Declining Markets

RMIC has eligibility criteria specific to each of the above classifications (see below). The market classifications are updated periodically, and the list is posted on RMIC.com.

When the appraisal data and/or lender designation are used to identify a property as declining, and the area is not classified as a declining market by RMIC in the list of market classifications, the Enhanced Declining Markets Policy will apply.

Eligibility Requirements for All Declining Markets (Standard and Enhanced)

- Condominiums, cooperatives, and attached properties are limited to a maximum LTV/CLTV of 85%, regardless of loan amount
- Maximum 3% seller or interested party contribution regardless of LTV
- Ineligible: Loans with debt-to-income ratio greater than 41% and construction-permanent loans
- Refer to the CLTV/Loan Amount table on page one for loan amount, LTV and credit score requirements

Ineligible Projects/Properties (all markets)

- Investment properties
- Second homes
- 2-4 unit properties
- Community land trusts
- Model home leasebacks
- Commercial properties
- Unimproved land
- Manufactured homes
- Time share units

- Earth homes, dome homes and straw bale homes
- Working farms, orchards and ranches
- Student housing projects (kiddie condos)
- Condominium hotels
- Apartment/hotel/warehouse conversions
- Non-warrantable condos
- Condominiums with less than 600 square feet
- Projects in which the homeowners' association or developer is a party to litigation
- Projects affected by environmental hazards
- Multi dwelling units
- Studio units
- Co-ops with loan amounts > \$417,000
- Attached properties located in the state of Florida

Attached Properties (all markets)

- RMIC requires that all attached housing projects be warrantable to Fannie Mae or Freddie Mac guidelines
- Attached properties located in the state of Florida are ineligible
- Condominiums, cooperatives, and attached properties are limited to a maximum LTV/CLTV of 90% (85% in a Declining Market), regardless of loan amount

NOTE: Please refer to RMIC's complete guidelines for additional requirements for attached housing.

Alternative Programs

Nontraditional Credit Ineligible

- A loan is considered to have Nontraditional Credit (and is therefore ineligible) if any borrower on the loan does not have a minimum of three trade lines in existence for at least 12 months or if a valid credit score cannot be derived

Reduced Documentation Ineligible

A-Minus Guidelines

- Fannie Mae Desktop Underwriter version 7.0 (or higher) EA I Eligible loans are considered A-Minus. (EA-II and EA-III loans are only eligible if they meet RMIC's guidelines for HARP Same Servicer or HARP New Servicer). A-Minus loans must be Retail loans. Refer to footnote one on page one for the definition of Retail