



Singlemax Plus

Tax Deductibility for Single Premium Mortgage Insurance

The IRS has issued guidance on tax deductibility of Single Financed Premium Mortgage Insurance products for loans closed on or after January 1, 2007.

Under IRS guidance, the deduction should be taken over an 84-month (7-year) period. For example, if the upfront premium was \$2,450, the borrower would divide that by 7 and have a \$350 deduction each year for seven years.

The deduction must be pro-rated in the year the mortgage is closed. If the loan closed August 31, 2007, the 2007 deduction would be for 4 months (4/12 – 1/3 – of the year), or \$117 if we continue the example above.

This is not intended as legal or tax advice. Any borrower or customer with questions should contact their financial advisor for more information.

Best Borrower Payment Option Compared to Combo and MI Alternatives

- Financed single premium provides lowest borrower monthly payment
- Borrower may receive tax-deductibility benefits
- Provides an attractive interest rate including all rate adjustments for credit enhancement

Unique Competitive Advantage in the Market

Competitive rate advantage

- No rate adjustments to cover LPMI premium

Product eligibility

- Minimum 660 FICO up to 95% base LTV; minimum 720 FICO up to 97% base LTV
- Second Home eligibility with premium adjustments
- Financed MI premium is determined using the base LTV of the loan

Operational Benefits

- One loan to originate, process, underwrite, and close
- Originator gets paid for a larger first lien mortgage
- One loan to service and no special LPMI boarding process

Singlemax Plus vs. Piggyback Cost Comparison

To access this comparison online, follow these steps.

1. Visit www.rmhc.com
2. Click Rates & Guides
3. Click Calculators on the left

COMPARISON	Singlemax Plus	80/15/5
<i>First Mortgage</i>		
Interest Rate	6.500%	6.500%
Loan Term (years)	30	30
Base Loan Amount	\$285,000.00	\$240,000.00
MI Premium Rate	2.25%	
Financed MI Premium Loan Amount	\$6,412.50	
Monthly P&I + MI Payment	\$1,841.93	\$1,516.96
<i>Second Mortgage</i>		
Interest Rate		8.750%
Loan Term (years)		30
Loan Amount		\$45,000.00
Monthly P&I Payment		\$354.02
<i>Overall</i>		
Total Loan Amount	\$291,412.50	\$285,000.00
Total Monthly Payment	\$1,841.93	\$1,870.98
Monthly Difference		\$29.05
Annual Difference		\$348.60

Assumptions

- 30-Year, Fixed
- Full Documentation
- Owner-Occupied, Purchase
- Nonrefundable Rates
- FICO 720, Base Rate 2.25%
- \$300,000 Appraised Value
- Down Payment \$15,000 (5%)
- 95% LTV/CLTV
- MI Coverage (30%)
- Closed-End Second (30 due in 15)

Singlemax Plus

Term to 78% Coverage

No Refund

Owner-Occupied

Full or Alternative Documentation

Purchase

Ineligible:

- Cash-Out Refinances, Investment Properties, Manufactured Homes, Reduced Documentation, Potential Negative Amortization, 3-4 Unit Properties
- Loans with credit scores below 660
- Broker originated or wholesale loans greater than 95% LTV/CLTV
- 2-unit properties with credit scores less than 680 or LTV/CLTV greater than 95%
- 2-unit properties with loan balances > \$533,850
- Condominiums with LTV/CLTV greater than 90%
- Refinance loans on condominiums¹
- Interest-Only loans with credit scores less than 720 or LTV/CLTV greater than 90%
- DU Expanded Approval Levels I-III, LP Caution A-Minus
- Loans secured with Nontraditional Credit

All stated rates are non-refundable. No premium will be refunded upon coverage cancellation unless RMIC receives notification from an insured that MI coverage on a loan was canceled under the provisions of the Homeowners Protection Act of 1998. If so notified, RMIC will refund any unearned premium within 30 days. If you prefer RMIC's refund option, add the applicable adjustment to the stated premium rate.

Maximum 97% LTV/CLTV. Maximum 103% LTV/CLTV only as a result of financing the mortgage insurance premium.

Rates cannot be reduced below .50%.

Fixed Payment			30-Year • Loan Representative FICO Score ¹					
Base LTV %	Coverage %	Exposure %	760+	740-759	720-739	700-719	680-699	660-679
97 -95.01	35	64	2.70	2.90	3.00	-	-	-
	30	68	2.40	2.60	2.70	-	-	-
	20	78	1.80	1.90	2.05	-	-	-
	18	80	1.70	1.80	1.90	-	-	-
95 -90.01	30	67	1.95	2.10	2.25	2.45	2.95	3.25
	25	72	1.50	1.60	1.75	1.90	2.35	2.65
	16	80	1.30	1.40	1.50	1.60	1.95	2.15
90 -85.01	25	68	1.25	1.30	1.35	1.45	1.75	1.95
	20	72	1.15	1.20	1.25	1.35	1.60	1.80
	17	75	1.10	1.15	1.20	1.30	1.55	1.70
	12	80	1.00	1.05	1.10	1.20	1.40	1.50
85 & Under	25	64	1.15	1.20	1.25	1.30	1.35	1.45
	17	71	1.00	1.05	1.10	1.15	1.20	1.30
	12	75	.90	.95	1.00	1.05	1.10	1.20
	6	80	.80	.85	.90	.95	1.00	1.05

Non-Fixed Payment			30-Year • Loan Representative FICO Score ¹					
Base LTV %	Coverage %	Exposure %	760+	740-759	720-739	700-719	680-699	660-679
95 -90.01	30	67	2.55	2.75	2.95	3.20	3.85	4.25
	25	72	1.95	2.10	2.30	2.45	3.05	3.45
	16	80	1.70	1.80	1.95	2.10	2.55	2.80
90 -85.01	25	68	1.60	1.65	1.75	1.90	2.30	2.55
	20	72	1.50	1.55	1.65	1.80	2.10	2.35
	17	75	1.45	1.50	1.55	1.70	2.00	2.20
	12	80	1.30	1.35	1.40	1.50	1.60	1.75
85 & Under	25	64	1.40	1.45	1.50	1.60	1.75	1.90
	17	71	1.20	1.30	1.35	1.45	1.60	1.70
	12	75	1.10	1.20	1.25	1.35	1.50	1.55
	6	80	1.00	1.10	1.15	1.25	1.30	1.35

ADJUSTMENTS	Min FICO	LTV RATIO %			
		95.01-97	90.01-95	85.01-90	Up to 85
25-Year & Under	660	-.60%	-.40%	-.20%	-.10%
Refund	660	+.95%	+.90%	+.85%	+.80%
Rate/Term Refinance	660	Ineligible ²	+.55%	+.40%	+.30%
Second Home	720	Ineligible	Ineligible	+.55%	+.45%
Jumbo (1 Unit > \$417,000)	720	Ineligible	Ineligible	+ 1.25%	+ 1.00%
Relocation ³	660	-.40%	-.40%	-.40%	-.25%

¹ FICO scores are not applicable to determine pricing in NY. Generally, these borrowers' FICO scores would fall within the provided FICO range or reflect comparable credit history.

² Streamline Refinances of loans currently insured by RMIC are exempt from most underwriting requirements. Refer to RMIC's underwriting guidelines for more specific information.

³ Requires written pre-approval by RMIC. Refer to RMIC's Relocation Guidelines.

30-year rates—the loan must have a term over 25 years, up to a maximum of 40 years.

25-year & under rates—the loan must have a term up to a maximum of 25 years.

Fannie Mae/Freddie Mac MI Coverage Requirements

■ Standard MI coverage for > 20-year Fixed and all ARMs and Balloons

■ Standard MI coverage for ≤ 20-year Fixed only