



Updated Market Classifications, Property Flips, and Advance Notice of Additional Required Information

What's New in This Release?

RMIC is providing an update to our market classifications, guidelines for property flips, and advance notice of additional information that will be required on future MI submissions.

The policies outlined in this release supersede all existing waivers and negotiated guideline variances previously granted by RMIC, and apply regardless of the findings of any automated underwriting system (AUS).

Updated Market Classifications

As we announced with the previous Declining Markets Policy market classifications release (Release Notes 2009-5), RMIC no longer uses a strict formulaic approach based on the FHFA index because of the observed quarterly volatility in the index and the impact artificial influences have on the index's ability to adequately reflect market trends. RMIC's market classifications are now based on a more comprehensive evaluation of several home price indices, local market economic factors such as employment trends, housing price to income ratios, and the likely impact of government intervention such as foreclosure moratoria in combination with other relevant market level factors. Given the structural changes in the market fundamentals and indices, this approach will provide a more realistic assessment of market status by taking into account external influences not fully captured in a single market measurement or index.

Under this approach, RMIC is making changes to the classification of markets under our Declining Markets Policy. Twelve markets improved from their previous classification, and eighteen markets became more restrictive. A list of the thirty markets whose classifications changed, showing each market's previous and new classifications, is attached to this Release Notes. RMIC's complete list of market classifications can be found by accessing RMIC's [Housing Market Monitor](#). The updated market classifications will be effective for all mortgage insurance applications submitted on or after the following dates:

- **September 16th** for loans in markets that have improved in classification (i.e., moved from **Standard Declining** to **Enhanced Declining** or **Check Appraisal and Lender's List**, or from **Enhanced Declining** to **Check Appraisal and Lender's List**)
- **October 1st** for loans in markets that have a more restrictive classification (i.e., moved from **Check Appraisal and Lender's List** to **Enhanced Declining** or **Standard Declining**, or from **Enhanced Declining** to **Standard Declining**).

Property Flips

A property flip occurs when a recently acquired property is being resold by the current property seller. RMIC is revising its guidelines on purchase transactions secured by properties that were recently purchased by the current property seller. The following underwriting requirements apply for mortgage insurance applications submitted on or after October 12th:

- Loans on properties that are being resold within 90 days of purchase are ineligible for mortgage insurance
- Loans on properties that are being resold within 91 to 180 days of purchase must be full files submitted to an RMIC underwriter. If the new sales price is higher than the price the seller paid to acquire the property, the increase must be fully documented and explained.

The following types of re-sale transactions are not considered property flips and are not required to meet the above policy:

- Property being sold by a spouse who acquired the property through a divorce settlement
- Property being sold by an administrator or executor of an estate
- Property acquired by an employer through a relocation program
- Property being resold by a lender, servicer or mortgage insurance company that was acquired through a foreclosure or deed in lieu of foreclosure

As a reminder, RMIC's Master Policy holds the lender responsible for providing an accurate, independent and adequately supported value of the property.

Advance Notice of Additional Information

RMIC is providing advance notice of additional information that will be required on future MI submissions. This advance notice is being provided to enable customers to plan and coordinate implementation with similar changes required by investors and other partners. At this time RMIC is not setting an effective date for submission of the new data. We will establish and publish an effective date based on the implementation progress of related industry initiatives.

- In the future RMIC will require the following information for all MI submission methods:
 - Origination Company Name (if the Originator is other than the insured), and
 - Origination Company Address (if the Originator is other than the insured), and
 - Nationwide Mortgage Licensing System and Registry (NMLS) identifiers (when they become available in 2010) for the following (for all loans):
 - Loan Originator Identifier
 - Loan Origination Company Identifier
 - Appraiser's State License Number
 - Supervisory Appraiser's State License NumberThese are the same identifiers that will be required by Fannie Mae and Freddie Mac at the time of loan delivery for mortgage loan applications dated on or after January 1, 2010*.
- Customers are encouraged to begin making preparations to provide the above information to RMIC for all MI submission methods the customer uses or plans to use.
- As you prepare to provide the NMLS identifiers to Fannie Mae and Freddie Mac at the time of loan delivery, please also include them in your MI ordering processes and systems. If you use Loan Origination Software (LOS), please contact your LOS vendor and request that they include the identifiers in the MI ordering file.
- RMIC will update its MI application form and electronic systems to accommodate receipt of this information by the end of 2009. RMIC's eBusiness Department is available to support trading partners on this implementation.
- The effective date of the requirement to provide the above information for all MI submission methods will be communicated in a future Release Notes.

* The *Secure and Fair Enforcement for Mortgage Licensing Act of 2008* ("S.A.F.E. Act") was passed on July 30, 2008. The S.A.F.E. Act required states to pass legislation requiring the licensure of mortgage loan originators according to national standards and the participation of state agencies on the Nationwide Mortgage Licensing System and Registry (NMLS). The Federal Housing Finance Agency (FHFA) announced that effective with mortgage loan applications taken on or after January 1, 2010, Fannie Mae and Freddie Mac are required to obtain loan-level identifiers for the loan originator, loan origination company, field appraiser, and supervisory appraiser. Both agencies have provided instructions to seller customers for providing these four identifiers ([Fannie Mae Announcement 09-11](#), [Freddie Mac Single-Family News May 2009 pages 8-9](#)).

Reminder: Earlier this year RMIC introduced special eligibility criteria for loans that do not meet RMIC's definition of Retail origination. The ability to specify Retail or Non-Retail was added to the MI application form and Electronic Loan Submission (ELS) system. This is a reminder to ensure that correct Retail/Non-Retail information is provided to RMIC on each MI loan submission. Identification of a loan as Retail or Non-Retail is material to RMIC's decision to provide insurance coverage.

Supporting Resources

The following materials will be posted to www.rmic.com to assist customers with implementation of these changes:

- This announcement (Release Notes 2009-10)
- [RMIC's Declining Markets Policy](#)
- [Updated List of RMIC's Market Classifications](#)
- [RMIC's Definition of Retail and Non-Retail Eligibility Criteria](#)

RMIC's Mortgage Insurance Guidelines are available in electronic format at www.rmic.com. If you have any questions regarding RMIC's new guidelines, please contact your RMIC Account Manager at 800-999-7642.

RMIC Market Classification Changes

Improved Markets

Effective September 16, 2009

State	Core Based Statistical Area (CBSA)	Previous Market Status	New Market Status
AL	Mobile	Enhanced Declining	Check Appraisal and Lender's List
CO	Greeley	Standard Declining	Enhanced Declining
MO-KS	Kansas City	Enhanced Declining	Check Appraisal and Lender's List
NC	Fayetteville	Enhanced Declining	Check Appraisal and Lender's List
NC	Goldsboro	Standard Declining	Enhanced Declining
NC	Winston-Salem	Enhanced Declining	Check Appraisal and Lender's List
NE-IA	Omaha-Council Bluffs	Enhanced Declining	Check Appraisal and Lender's List
OK	Oklahoma City	Enhanced Declining	Check Appraisal and Lender's List
OK	Tulsa	Enhanced Declining	Check Appraisal and Lender's List
TX	Brownsville-Harlingen	Enhanced Declining	Check Appraisal and Lender's List
TX	Longview	Standard Declining	Check Appraisal and Lender's List
TX	San Antonio	Enhanced Declining	Check Appraisal and Lender's List

More Restrictive Markets

Effective October 1, 2009

State	Core Based Statistical Area (CBSA)	Previous Market Status	New Market Status
AL	Tuscaloosa	Check Appraisal and Lender's List	Enhanced Declining
IL-WI	Lake County-Kenosha County	Enhanced Declining	Standard Declining
IN	Fort Wayne	Check Appraisal and Lender's List	Enhanced Declining
KY-IN	Louisville-Jefferson County	Check Appraisal and Lender's List	Enhanced Declining
NC	Asheville	Check Appraisal and Lender's List	Enhanced Declining
NC-SC	Charlotte-Gastonia-Concord	Check Appraisal and Lender's List	Enhanced Declining
NJ	Camden	Enhanced Declining	Standard Declining
NM	Albuquerque	Enhanced Declining	Standard Declining
OH	Dayton	Enhanced Declining	Standard Declining
OR	Eugene-Springfield	Enhanced Declining	Standard Declining
OR	Salem	Enhanced Declining	Standard Declining
PA-NJ	Allentown-Bethlehem-Easton	Enhanced Declining	Standard Declining
SC	Myrtle Beach-North Myrtle Beach-Conway	Enhanced Declining	Standard Declining
VA	Richmond	Enhanced Declining	Standard Declining
VA-NC	Virginia Beach-Norfolk-Newport News	Enhanced Declining	Standard Declining
WA	Bellingham	Check Appraisal and Lender's List	Standard Declining
WA	Spokane	Enhanced Declining	Standard Declining
WA	Wenatchee-East Wenatchee	Check Appraisal and Lender's List	Standard Declining