



Release Notes

January 4, 2008

Changes to Eligibility, Guidelines, and Pricing

WHAT'S NEW IN THIS RELEASE?

Based on the continued deterioration of credit performance and market conditions, RMIC will be making several eligibility, guideline and premium rate changes effective in early 2008.

Changes effective for commitments submitted on or after January 28, 2008:

- All eligible loans with loan representative FICO scores below 620 will receive A-Minus rates regardless of the decision of any automated underwriting system (AUS) or loan to value ratio (LTV).
- All loans with an AUS recommendation of DU EA-I, LP Caution or their equivalent will be limited to 95% LTV, regardless of credit score.

Previous changes regarding Expanded Approval recommendations:

- Loans with an AUS recommendation of DU EA-II are limited to 95% LTV.
- Loans with an AUS recommendation of DU EA-III are limited to 90% LTV.

Additional changes effective March 21, 2008:

GUIDELINE/ELIGIBILITY CHANGES AND LIMITATIONS

The following changes to RMIC's various programs will be effective for all commitments submitted on or after **March 21, 2008**:

- Loans with credit scores < 660 and LTV > 97% will once again be eligible for A Paper pricing in conjunction with the rollout of our new A Paper Monthlies/ZIP® Monthlies and Singlemax Plus rates (which can be found below).
- All Reduced Documentation loan types will be limited to 90% LTV with a minimum FICO score of 660.
- At least 50% of the qualifying income used to qualify for a Reduced Documentation loan must be from non-salary sources.
- Reduced Documentation loans for Second Homes will now require a minimum 680 FICO score.
- Second Homes in the Select Tier of the LPMIpreferred® program will now be limited to 90% LTV. Second Homes are already limited to 90% LTV in the Preferred Tiers.

Loans that will no longer be eligible for coverage by RMIC:

- Cash-Out Refinances for Second Homes and Investor Properties
- A-Minus: Investor Properties, 3-4 Unit Properties, Second Homes, and Reduced Documentation for loans with FICO scores less than 620
- A-Minus loans with a potential rate adjustment greater than 1% during any 12 month period within the first five years
- Reduced Documentation loans in the Singlemax Plus program

These eligibility changes apply to all previously approved lender programs.

PRICING CHANGES

In addition to the guideline changes listed above, RMIC will be making a number of pricing changes effective **March 21, 2008**, subject to state insurance department approvals.

A Paper

- Monthlies/ZIP Monthlies® rates for loans with LTVs over 95% will be split into 2 segments: 95.01-97.00% and 97.01-100.00% LTV. Each of these LTV bands will be segmented by two FICO score ranges: 620-659 and 660+. Please see the table below for these A Paper rates.
- No changes will be made to Monthlies/ZIP Monthlies® for loans with LTVs up to and including 95.00%.
- Potential Negative Amortization adjustment will change from 5 basis points to 13 basis points.

Base LTV	Coverage	FICO 660+			FICO 620-659		
		Fixed Payment	Choice ARM	Changing Payment	Fixed Payment	Choice ARM	Changing Payment
97.01%-100.00%	35%	1.05%	1.22%	1.32%	1.70%	1.97%	2.14%
	20%	0.64%	0.82%	0.91%	1.02%	1.16%	1.45%
95.01%-97.00%	35%	0.96%	1.17%	1.21%	1.40%	1.62%	1.76%
	18%	0.59%	0.74%	0.84%	0.78%	0.89%	1.12%

A-Minus

- We are simplifying our rate structure by combining Choice ARM and Changing Payment into one Non-Fixed Payment instrument.
- Base rates in all classes have been adjusted.

Please see the table below which includes the new A-Minus rates in the Fixed and Non-Fixed Payment structure.

Base LTV	Coverage	Class I (620+)		Class II (600-619)		Class III (575-599)	
		Fixed	Non-Fixed	Fixed	Non-Fixed	Fixed	Non-Fixed
97.01%-100.00%	35%	1.79%	2.26%	N/A	N/A	N/A	N/A
	20%	1.12%	1.54%	N/A	N/A	N/A	N/A
95.01%-97.00%	35%	1.53%	1.93%	N/A	N/A	N/A	N/A
	18%	0.90%	1.22%	N/A	N/A	N/A	N/A
90.01%-95.00%	30%	1.20%	1.49%	1.72%	2.13%	2.35%	2.91%
	16%	0.79%	0.98%	1.00%	1.24%	1.40%	1.74%
85.01%-90.00%	25%	0.76%	0.94%	1.10%	1.36%	1.35%	1.67%
	12%	0.52%	0.64%	0.68%	0.84%	0.90%	1.12%
Up to 85.00%	12%	0.44%	0.55%	0.64%	0.79%	0.79%	0.98%
	6%	0.38%	0.47%	0.54%	0.67%	0.67%	0.83%

Singlemax Plus

- Rates above 95% LTV will now be split into 2 segments: 95.01-97.00% and 97.01-103%. The base LTV (before financing the premium) is limited to 100%.
- Potential Negative Amortization adjustments will be modified as shown in the table below.
- 25-Year adjustments for Singlemax Plus will be modified as shown in the table below.

LTV	Coverage	Loan Representative FICO Score for 30-Year Fixed, No Refund							
		620-639	640-659	660-679	680-699	700-719	720-739	740-759	760+
97.01-103%	35%	7.25%	6.25%	5.50%	4.80%	3.90%	3.45%	3.05%	2.95%
	20%	4.70%	4.05%	3.60%	3.20%	2.60%	2.30%	2.05%	2.00%
	18%	4.30%	3.75%	3.30%	2.95%	2.40%	2.15%	1.95%	1.85%
95.01-97%	35%	6.20%	5.25%	4.60%	4.10%	3.45%	3.00%	2.90%	2.70%
	20%	4.15%	3.55%	3.10%	2.75%	2.25%	2.05%	1.90%	1.80%
	18%	3.80%	3.30%	2.90%	2.55%	2.10%	1.90%	1.80%	1.70%

Potential Negative Amortization Adjustments				25-Year Adjustment			
95.01+%	90.01-95%	85.01-90%	Up to 85%	95.01+%	90.01-95%	85.01-90%	Up to 85%
1.30%	1.10%	0.85%	0.65%	-0.60%	-0.40%	-0.20%	-0.10%

Reduced Documentation

- We are simplifying our rate structure by combining Choice ARM and Changing Payment into one Non-Fixed Payment instrument.
- Base rates in all classes have been adjusted and selected coverages are provided in the table below.

Base LTV	Coverage	FICO 700+		FICO 660-699	
		Fixed Payment	Non-Fixed Payment	Fixed Payment	Non-Fixed Payment
85.01%-90.00%	25%	0.66%	0.79%	1.17%	1.46%
	12%	0.48%	0.53%	0.75%	0.94%
Up to 85.00%	12%	0.46%	0.51%	0.66%	0.82%
	6%	0.41%	0.46%	0.57%	0.72%

Note that RMIC's Reduced Documentation program is limited to Stated Income programs. 'No Income' programs are no longer eligible.

LPMIpreferred® Program

Premium rates supporting the 680-699 FICO segment are being adjusted to rates listed below. Premium rates for other FICO bands are not being modified at this time. We remain concerned about the performance of this program across the board and are monitoring it closely.

Base LTV	Coverage	No Refund 30-Year Fixed 680-699	
		Single	Monthly
95.01%-100.00%	35%	2.72%	0.80%
90.01%-95.00%	30%	2.04%	0.60%
85.01%-90.00%	25%	1.36%	0.40%
Up to 85.00%	12%	0.82%	0.24%

DECLINING VALUE POLICY

RMIC's declining value policy was intended to be for both LTV and CLTV. Below is a restatement of the policy with the clarification.

RMIC defines loans on declining value properties as any of the following:

- Loans which receive a declining value message from an automated underwriting system (AUS) such as Desktop Underwriter®.
- Loans on properties for which the appraisal indicates that property values in the subject neighborhood are "declining". The appraiser should provide additional comments supporting "increasing" or "stable" if "declining" was not selected and the appraisal reflects that an over-supply of properties exist, the marketing time exceeds 6 months, or other comments within the appraisal that indicate that values are declining.

Effective for commitments submitted on or after **January 28, 2008**, the maximum allowable LTV/CLTV on declining value properties will be reduced by five percent from the LTV/CLTV otherwise allowed by RMIC's underwriting guidelines.

- For example, if RMIC's normal underwriting guidelines on a specific loan would have allowed an LTV/CLTV ratio of 95%, the maximum allowable LTV/CLTV ratio for the same loan on a declining value property would be 90%.

UPDATED GUIDELINES AND RATE MATERIALS

An update to RMIC's Premium Rates brochure is in development and will be distributed when available. For additional supplies after distribution, contact your RMIC Account Manager (800-999-7642) or RMIC's Sales Customer Service Center at 800-999-7642, extension 4300.

RMIC's Mortgage Insurance Guidelines and selected rate plan updates are available in electronic format at www.rmic.com. All guidelines are updated after the implementation dates for the individual program changes.

If you have any questions regarding RMIC's new guidelines and premium rates, please contact your RMIC Account Manager at 800-999-7642.

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