



# Release Notes

June 4, 2008

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## New Streamline Refinance Policy and Revised Construction/Permanent Policy

### What's New in This Release?

RMIC is implementing a new Streamline Refinance Policy to provide as much flexibility as possible to improve borrowers' financial positions and reduce the ultimate number of home foreclosures and mortgage insurance claims. Increasing borrowers' ability to ultimately repay their home mortgages through refinancing or modifying their existing loans will help many of these borrowers avoid losing their homes. RMIC will take aggressive action to waive or modify standard underwriting guidelines for streamline refinances of existing loans insured by RMIC.

Additionally, due to the continued decline of credit performance and the deteriorating housing market, RMIC is modifying its policy regarding Construction/Permanent loans.

### RMIC Streamline Refinance Policy (Effective June 9, 2008)

Streamline Refinances may be submitted to RMIC either by directly calling our Policy Servicing department or, on a more limited basis, through our standard loan submission channels.

#### *Determining if a loan is currently insured by RMIC:*

There are several ways you can determine if a loan is currently insured by RMIC. The existing Servicer maintains a record of the current insurer and this information can be requested when obtaining the current unpaid principal balance. Alternatively, RMIC has set up a unit where you can simply email the request with the borrower's information (borrower name and property address) to [psmodificationgroup@rmic.com](mailto:psmodificationgroup@rmic.com) for a timely response or by calling our Policy Servicing and Claims Department at **1-800-884-7642**. Servicers interested in evaluating their RMIC-insured books of business for potential refinances or loan modifications should also use the contact information above.

#### *A loan qualifies as a Streamline Refinance if ALL of the following are true:*

- RMIC is the insurer of the existing loan; and
- the Servicer of the new loan is the same as the Servicer of the existing loan; and
- the property is the same as on the existing loan; and
- the new loan must be one of the following;
  - Fixed rate; or
  - Fully amortizing ARM (min 5 years to first adjustment); or
  - Interest only (min 5 years for ARM, 10 years for fixed); and
- the loan qualifies as a Rate and Term Refinance, with disbursement of cash to the borrower or any other payee limited to the lesser of \$2,000 or 2% of the new loan amount; and
- the mortgage insurance coverage percentage on the new loan does not exceed the coverage percentage on the existing loan.

#### *RMIC's underwriting guidelines are modified as follows for loans meeting all of the above qualifications:*

- the existing mortgage insurance certificate will remain in force and will be modified to cover the new loan; and
- the maximum loan-to-value ratio (LTV/CLTV) is expanded to 100%, based on the value of the property at the time of the existing loan's origination; and
- credit score and debt-to-income ratio guidelines for the new loan are waived; and
- RMIC's Declining Markets Policy is waived.

Except as noted above, Streamline Refinances must meet RMIC's standard underwriting guidelines for Rate and Term Refinances at the time of submission to be accepted for mortgage insurance through RMIC's front-end ordering systems. *Please note, however, that a Streamline Refinance loan (as defined above) not qualifying for mortgage insurance under these expanded guidelines, but which improves the borrower's ability to ultimately repay their mortgage, may still be considered for insurance as a loan modification. For additional information, contact [psmodificationgroup@rmic.com](mailto:psmodificationgroup@rmic.com) or call 1-800-884-7642.*

The MI premium rate charged on Streamline Refinances where the existing mortgage insurance certificate remains in force will remain the same as on the existing loan. Otherwise, the premium rate is based on the parameters of the new loan and the premium rates in effect at the time the new loan is submitted. The new loan is not eligible for the LPMIpreferred® program unless the existing loan was also covered under LPMIpreferred®. Existing subordinate liens may be resubordinated to the new loan, but may not be financed into the new loan.

### **Guideline/Eligibility Changes to Construction/Permanent Policy (Effective July 14, 2008)**

*RMIC's underwriting guidelines are modified as follows for construction/permanent loans:*

- Minimum loan representative FICO score of 700
- Maximum loan-to-value ratio (LTV/CLTV) of 95% (remain ineligible in declining markets)
- LTV/CLTV is calculated based on the lesser of acquisition cost or appraised value
- 1-unit primary residences only

### **Updated Underwriting Guidelines and Rate Materials**

RMIC's Mortgage Insurance Guidelines are available in electronic format at [www.rmic.com](http://www.rmic.com). For your reference, a [Summary of Recent Pricing and Guideline Changes](#) is also available from [www.rmic.com](http://www.rmic.com). If you have any questions regarding RMIC's new guidelines, please contact your RMIC Account Manager at 800-999-7642.