



Quick Reference Underwriting Guidelines

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 ⁵	Max Loan Amount ⁴	Market Classifications ⁶					
		Level 1		Level 2		Level 3	
		Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score
SFD, SFA ⁸	\$417,000	97% ²	720	95%	700	95%	720
		95%	680	85%	680	85%	700
	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
Condo ⁷	\$417,000	95%	680	95%	720	90%	740
				90%	700	85%	720
	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
Co-op	\$417,000	90%	680	90%	700	90%	740
						85%	720
	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
2 units ⁹	\$533,850	90%	700	Ineligible		Ineligible	
3-4 units		Ineligible					

NON-RETAIL LOANS							
Property Type ⁵	Max Loan Amount ⁴	Market Classifications ⁶					
		Level 1		Level 2		Level 3	
		Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score
SFD, SFA ⁸	\$417,000	95%	700	95%	720	95%	740
		90%	680	85%	700	85%	720
	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
Condo ⁷	\$417,000	95%	700	95%	740	90%	760
				85%	680	90%	720
	\$417,001 to \$625,500 ³	90%	720	85%	720	Ineligible	
Co-op	\$417,000	90%	700	90%	720	90%	760
						85%	740
	\$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.

- 1 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 PolicyLoans 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 eligible for Retail guidelines.
- 2 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
- 3 The following guidelines apply to loan amounts > \$417,000 up to \$625,500 on 1 unit properties, regardless of AUS recommendation:
 - Full or Alternative Documentation or LP and DU documentation as described in the bullet below
 - May follow documentation requirements permitted by LP and DU as described in Agency Automated Underwriting of RMIC's Underwriting Guidelines, subject to the following:
 - LP Accept/Eligible or DU Approve/Eligible required
 - Income:
 - o Salaried borrowers: Minimum of one paystub dated no more than 30 days prior to the loan application and covering at least 30 days of year-to-date income, a verbal VOE, and the most recent year of IRS tax transcripts are required
 - o Not permitted for self-employed borrowers. Loans to self-employed borrowers must be documented according to the requirements in Section 201.14 – Acceptable Income Sources of RMIC's Underwriting Guidelines
 - 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 Level 2 Markets Policy applies where applicable
 - Loans > \$417,000 are not permitted in Level 3 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: Second homes 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 Attached properties in the state of Florida are ineligible for coverage by RMIC.
- 6 Refer to Eligible Properties–Market Classifications for complete guidelines.
- 7 Refer to Section 301.7B – Attached Housing of RMIC's Underwriting Guidelines. Loans secured by condominium properties in Florida are ineligible.
- 8 Attached properties that are not condominiums or co-ops are eligible at the same maximum LTV/CLTV as detached properties (except in FL).
- 9 For loans secured by 2 unit properties, the following guidelines apply:
 - Retail loans only

- Level 1 markets only
- **Ineligible in FL**
- Borrower must have six (6) months PITI payments in reserves after loan closing
- Ineligible property: Second homes, condos/co-ops, and unacceptable properties listed in the Ineligible Projects/Properties section
- Ineligible loans: Construction-permanent and A-minus (including DU Expanded Approvals, LP Caution and LP Caution A-minus recommendations), Housing Financing Agency loans and Affordable Housing loans
- RMIC’s standard underwriting guidelines apply to all loan parameters not specifically detailed above

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

Second Home Loans • Purchase and Rate/Term Refinances

Please refer to Section 301.3B – Second Homes of RMIC’s complete Underwriting Guidelines for specific underwriting criteria.

Retail Loans ¹							
Property Type ²	Max Loan Amount	Market Classifications					
		Level 1		Level 2		Level 3	
		Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score	Max LTV/CLTV	Credit Score
1 Unit SFD, SFA ³	\$417,000	90%	720	Ineligible		Ineligible	

- 1 See footnote #1 under Primary Owner-Occupied Purchase and Rate/Term Refinances tables on page one for definition of Retail loans. Non-Retail loan originations are not permitted on second home transactions.
- 2 Property must be located in a resort or vacation area. Condos and Cooperatives are ineligible.
- 3 Attached properties that are not condominiums or co-ops are eligible at the same maximum LTV/CLTV as detached properties (except FL).

Borrowers with a previous foreclosure are ineligible for loans secured by a second home (except loans that meet RMIC’s guidelines for HARP Same Servicer or HARP New Servicer).

Second Home • Cash-Out Refinance 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 RMIC, Fannie Mae and Freddie Mac requirements.

NOTE: DU Approve/Eligible and LP Accept/Eligible loans may qualify for RMIC’s streamlined underwriting program, AUplus2. Refer to the AUplus2 Reference Guide for details.

Desktop Underwriter

Eligible Loans:

- Approve/Eligible
- EA-I/Eligible – Desktop Underwriter EA-I loans 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 when one of the eligible recommendation types shown above is received 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 Section 201.13 – Employment of 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 ratios, regardless of AUS recommendation

- **45%** for loans that meet the following criteria:
 - Minimum 740 loan representative credit score
 - Maximum \$417,000 loan amount
 - Retail or Non-Retail originated
 - Primary residences other than condominiums or co-ops: maximum 95% CLTV in a Level 1 or Level 2 market
 - Primary residence condominium (purchase only): maximum 95% CLTV in a Level 1 market
 - Primary residence co-op: maximum 90% CLTV in a Level 1 market
 - Construction-to-Perm loans: maximum 90% CLTV in a Level 1 market
 - Second home: maximum 90% CLTV in a Level 1 market
- **41%** for all other loans

Reserves: Two months PITI are required on all loans regardless of AUS recommendation. Six months reserves are required under some circumstances. Refer to Section 201.15C – Reserves of 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:

Primary Residence

- **Loans in Level 1 Markets**
 - 90.01 - 97% LTV = 3%
 - 90% or less LTV on loan amounts ≤ \$417,000 = 6%
 - 90% or less LTV on loan amounts > \$417,000 = 3%

- **Loans in Level 2 Markets**
 - 90.01 - 95% LTV = 3%
 - 90% or less LTV on loan amounts ≤ \$417,000 = 6%
 - 85% or less LTV on loan amounts > \$417,000 = 3%
- **Loans in Level 3 Markets**
 - All LTVs = 3%

Second Home

- 6%

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 Section 101.8 – Adjustable Rate Mortgage (ARM) in RMIC's complete Underwriting 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)
- 1 unit properties only
- Not eligible in Level 2 or Level 3 Markets
- Ineligible for coverage during the construction phase

Please refer to Section 101.5 – Construction-Permanent Loans in RMIC's complete Underwriting Guidelines for additional information on construction-permanent loans.

Cash-Out Refinances: Ineligible

Rate/Term Refinances

- Pay off of existing first mortgage
- 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 is permitted
- Pay off of junior liens is permitted under the following circumstances only:
 - Junior lien(s) was originated as a purchase money second mortgage (seller or institutional financing) and recorded simultaneously with the first lien, OR
 - Junior lien(s) is a Home Equity Line of Credit (HELOC) and the only draw was for the acquisition of the subject property (must be supported by HUD-1 and loan history)
 - **Both liens** must meet RMIC’s requirements for allowable late payments on housing debt in Section 201.5 – Credit History of RMIC’s complete Underwriting Guidelines
- Pay off of a first mortgage that was obtained in the past six months to consolidate a first mortgage and non-purchase money subordinate lien(s) is not eligible
- The refinance must improve the borrower’s ability to repay the loan
- RMIC will not insure a property currently listed for sale
- 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
- If the sales history on the appraisal indicates the subject property recently sold for significantly less than the current appraised value, the appraiser must document the reason for the higher value
- At least one borrower obligated on the new loan must be obligated on the loan being refinanced
- Payoff of an installment land contract or contract for deed may be treated as a Rate/Term Refinance if the contract was executed more than 12 months preceding the mortgage application date

Please refer to Section 101.4 – Refinance Transactions in RMIC’s complete Underwriting Guidelines for additional information on refinance loans.

Recovery Assistance Program: HARP New Servicer Option and HARP Same Servicer Option – Refer to Section 101.4A Rate and Term Refinance in RMIC’s complete Underwriting Guidelines for details.

Eligible Properties

Market Classification Policy

RMIC uses the following criteria to assess housing market conditions and their possible influences on loan performance:

1. **Appraisal Data:** Property 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. **RMIC List of Market Classifications:** RMIC places all Metropolitan Statistical Areas (MSAs) into one of three categories:
 - Level 1 Markets – Conditions are favorable to the performance of a wider range of high LTV loans
 - Level 2 Markets – Conditions are weakening (or volatile or in transition) which will challenge the performance of loans with higher risk attributes or layered risks
 - Level 3 Markets – Conditions are weak and will challenge the performance of all but the highest quality loans

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 www.rmic.com.

Eligibility Requirements for Level 2 and Level 3 Markets

- Refer to the LTV/Loan Amount table on page one for loan amount, LTV and credit score requirements
- RMIC’s **Level 2** guidelines will apply if the appraisal data identifies a property as declining on a loan that otherwise would be eligible for RMIC’s **Level 1** guidelines

- Level 3 Markets: Maximum 3% seller or interested party contribution regardless of LTV, maximum 41% total debt to income ratio, maximum loan amount of \$417,000
- Ineligible: Second homes, 2 unit properties, construction-permanent loans, and properties and projects on the ineligible list below

Ineligible Projects/Properties (all markets)

- Investment properties
- Second home condos and co-ops
- 3-4 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
- Attached properties, including condominiums, cooperatives, attached PUDs and 2 unit 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 and 2 unit properties located in the state of Florida are ineligible
- Second homes secured by condos or co-ops are ineligible
- Attached properties that are not condominiums or co-ops are eligible at the same maximum LTV/CLTV as detached properties (except in FL)

NOTE: Please refer to Section 301.7B – Attached Housing in 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.