

Radian eBulletin 2009-06

November 9, 2009

Clarifications to Radian's Standard and Platinum Underwriting Guidelines

Radian has made several changes or clarifications to our guidelines to make it easier for our customers to understand our underwriting requirements and do business with us. These clarifications will be applicable for all mortgage insurance applications received on, or after, November 16, 2009.

Following are highlights only of these clarifications. We encourage you to review the complete set of our Standard Underwriting Guidelines at www.radian.biz/mortgage/rates.aspx or Platinum Underwriting Guidelines at www.radian.biz/mortgage/platinumprogram.aspx. The guidelines and Quick Reference Guides posted on these pages supersede any other versions of Radian's guidelines and Quick Reference Guides customers may have received.

Standard Guideline Clarifications

- Determination of representative FICO score
 - If three FICO scores are provided and two are identical, the identical score will be used.
- Credit definition for mortgage or rental history
 - A credit history of 0 x 30 in the last 12 months is required.
- Eligible source and use of gift funds
 - Borrowers who have satisfied the minimum borrower equity requirement from their own funds can use gift funds from immediate family members (such as a spouse, parent, child, grandparent or sibling) to increase downpayment, pay part of the closing costs or supplement reserves.
- Requirement for field reviews obtained to satisfy investor underwriting guidelines
 - Field reviews obtained by the lender to satisfy investor program underwriting guidelines are to be included in the loan file. Field reviews are not used to determine value but to provide support for the value and accuracy of the full appraisal report. Discrepancies or inadequacies noted in the field review are to be addressed prior to submission for mortgage insurance.
- Change to non-delegated mortgage insurance submissions
 - Submission to Radian requires a fully documented loan file which the lender has underwritten for program and investor compliance.

Platinum Guideline Clarifications

- Proceeds from a rate/term refinance can be used to pay off the following:
 - An existing first mortgage where there exists a continuity of obligation.
 - A subordinate lien that was used in its entirety to purchase the subject property.
 - Properties listed for sale within the past 60 days are not eligible

- Determination of representative FICO score
 - If three FICO scores are provided and two are identical, the identical score will be used.

- Credit definition for mortgage or rental history
 - Full Documentation Prime requires 0 x 30 in the last 12 months.

- Minimum borrower equity required for High Balance loans
 - Full Documentation Prime High Balance requires a minimum 10% equity or downpayment from borrower's own funds

- Eligible source and use of gift funds
 - Borrowers who have satisfied the minimum borrower equity requirement from their own funds can use gift funds from immediate family members (such as a spouse, parent, child, grandparent or sibling) to increase downpayment, pay part of the closing costs or supplement reserves.

- Expanded eligible condominium projects to include projects with fewer than ten units

- Removed the requirement for two appraisals on loan amounts greater than \$625,500.

- Requirement for field reviews obtained to satisfy investor underwriting guidelines
 - Field reviews obtained by the lender to satisfy Fannie Mae, Freddie Mac or investor program underwriting guidelines are to be included in the loan file. Field reviews are not used to determine value but to provide support for the value and accuracy of the full appraisal report. Discrepancies or inadequacies noted in the field review are to be addressed prior to submission for mortgage insurance.

- Change to non-delegated mortgage insurance submissions
 - Submission to Radian requires a fully documented loan file which the lender has underwritten for program and investor compliance.

For more information on Radian's products and services, please contact our Customer Service team at 877 723.4261 or customerservice300@radian.biz, your Radian Sales Representative, Risk Manager, or visit our website at www.radian.biz. An online archive of Radian eBulletins is available at www.radian.biz/mortgage/ebulletins.aspx.