

Radian eBulletin 2008-09

October 17, 2008

Guideline Changes Effective November 17, 2008

Radian's continued in-depth surveillance of market conditions and loan performance leads us to conclude that additional changes to our guidelines are necessary to address current risk exposure and maintain prudent underwriting practices. These changes will help Radian's clients provide appropriate and affordable homeownership solutions for borrowers, while driving high-quality and profitable business.

The following charts are highlights of the guidelines that will be applicable for all mortgage insurance applications received on or after November 17, 2008.

As all loans will be required to meet Radian's full underwriting guidelines, regardless of AUS response, and there are additional changes in our guidelines, we encourage you to review the complete set of our underwriting guidelines, which supersede any previously published guidelines, on our website at www.radian.biz/mortgage/rates.aspx.

Full Documentation Prime, Stable Markets					
PRIMARY RESIDENCE					
PURCHASE & RATE/ TERM REFINANCE	Max LTV	Max loan amount	Min FICO score	Max DTI#	Loan notes
1 Unit Single Family	95	\$ 417,000	660	41/55	<i>c i</i>
	90	\$ 729,750†	720	45	<i>i</i>
	85	\$ 729,750†	700	45	<i>i</i>
2 Units	95	\$ 533,850	680	41	<i>i</i>
Condominium	95	\$ 417,000	660	41	<i>i</i>
Cooperative	90	\$ 417,000	660	41	
Manufactured Housing	90	\$ 417,000	660	41	
CASH-OUT REFINANCE (Maximum \$150,000 cash-out)	LTV	Max loan amount	Min FICO score	Max DTI	Loan notes
1 Unit Single Family	90	\$ 417,000	660	41	<i>i</i>
Condominium	90	\$ 417,000	660	41	<i>i</i>
SECOND HOME					
PURCHASE & RATE/ TERM REFINANCE	LTV	Max loan amount	Min FICO score	Max DTI	Loan notes
1 Unit Single Family	95	\$ 417,000	700	41	
	90	\$ 417,000	660	41	
Condominium	95	\$ 417,000	700	41	
	90	\$ 417,000	660	41	
Key to Loan Notes: <i>c</i> –Eligible for Construction-to-Permanent; <i>i</i> –Eligible for Interest Only (minimum term of 120 months) † Jumbo Conforming loans require a DU Approve/Eligible or LP Accept/Eligible response ‡ Second DTI is for loans with DU Approve/Eligible or LP Accept/Eligible					

1601 Market Street
 Philadelphia, Pennsylvania
 19103-2337
 800 523.1988
 215 231.1000

Full Documentation Non-Prime, Stable Markets				
PRIMARY RESIDENCE				
PURCHASE & RATE/ TERM REFINANCE	Max LTV	Max Loan Amount	Min FICO Score	Max DTI
1 Unit Single Family	95	\$ 417,000	660	45
2 Units	95	\$ 533,850	680	45
Condominium	95	\$ 417,000	660	45

Full Documentation Prime, Declining Markets					
PRIMARY RESIDENCE					
PURCHASE & RATE/ TERM REFINANCE	Max LTV	Max loan amount	Min FICO score	Max DTI#	Loan notes
1 Unit Single Family	90	\$ 729,750†	720	45	<i>i</i>
		\$ 417,000	720	41/55	<i>c i</i>
	85	\$ 417,000	700	41/55	<i>c i</i>
2 Units	90	\$ 533,850	720	41	<i>i</i>
Condominium	90	\$ 417,000	720	41	<i>i</i>
	85	\$ 417,000	700	41	<i>i</i>
Cooperative	85	\$ 417,000	720	41	
Manufactured Housing	85	\$ 417,000	720	41	
SECOND HOME					
PURCHASE & RATE/ TERM REFINANCE	LTV	Max loan amount	Min FICO score	Max DTI	Loan notes
1 Unit Single Family	90	\$ 417,000	720	41	
	85	\$ 417,000	700	41	
Condominium	90	\$ 417,000	720	41	
	85	\$ 417,000	700	41	

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Please note that:

1. The preceding declining markets charts reflect the effect of Radian’s declining markets policy and no LTV reductions are required.
2. Radian defines Full Documentation Non-Prime as any loan where the lender indicates that the loan is subprime or A Minus, OR, any loan with the following AUS responses: EA-1/Eligible; EA-2/Eligible; EA-3/Eligible; or Caution/Eligible A-Minus.

Debt-to-Income Ratios

- Maximum debt-to-income (DTI) ratios will be adjusted as follows:

	Maximum DTI
Full Documentation Prime, except as noted below	41%
Temporary buydowns	41%
Jumbo Conforming loans	45%
Full Documentation Non-Prime	45%
Full Documentation Prime with ALL of the following:	55%
Primary Residence, 1 unit Single Family	
Purchase or Rate/Term Refinance	
DU Approve/Eligible or LP Accept/Eligible	
Maximum \$417,000 loan amount	

Ineligible Loan Types

- The following property and/or loan types will no longer be eligible for mortgage insurance:
 - Cash-out refinances for second homes in stable and declining markets
 - Second homes in Florida
 - Loans on 3–4 unit properties in stable and declining markets
 - Cash-out refinances on 2-unit properties and cooperatives in a stable markets

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.