

## Declining Markets List and Policy Changes

Based on our continued evaluation of the mortgage environment, United Guaranty's Declining Market list and policy is being amended effective for all MI applications received on or after October 17, 2008. Under the amendment, four states – **Arizona, California, Florida, and Nevada** – are being classified as “severely declining” and are now subject to the additional underwriting restrictions outlined below.

The restrictions outlined in this announcement supersede all existing exceptions previously granted by United Guaranty. They also apply to loans receiving a DU Approve/Eligible or LP Accept/Eligible recommendation.

<b>Severely Declining Markets</b>	<b>Restrictions (These are in addition to the Declining Market underwriting restrictions currently in effect.)</b>
<b>Arizona, California, Florida, Nevada</b>	<p><b>Arizona, California, Florida, Nevada:</b></p> <ul style="list-style-type: none"> <li>• Minimum 720 credit score.</li> <li>• Maximum loan amount of \$417,000.</li> <li>• Maximum DTI of 45% for DU Approve/Eligible and LP Accept/Eligible recommendations.</li> </ul> <p>Loans <u>not</u> receiving a DU Approve/Eligible or LP Accept/Eligible recommendation are subject to the qualifying ratio guidelines outlined in the <i>Underwriting Guidelines &amp; Eligibility Criteria</i> guide at <a href="http://www.ugcorp.com">www.ugcorp.com</a>. Given the severe stress these markets are experiencing, close adherence to these guidelines should be exercised. Loans exceeding these ratio guidelines should be considered only when very strong compensating factors exist. <b>All loans with a DTI ratio greater than 45% are ineligible for insurance.</b></p> <p><b>Florida (only):</b></p> <ul style="list-style-type: none"> <li>• All attached housing is ineligible (e.g., condos, co-ops, townhomes, etc.).</li> </ul>

To simplify, United Guaranty's Declining Market list, we have removed the MSA/CBSA detail for **Arizona, California, Florida, and Nevada** and now indicate each entire state as a “severely” declining market. Additionally, the MSA/CBSA detail will also be removed for **Ohio and Michigan**, and the list will indicate the entire state as a declining market, subject to the declining market underwriting restrictions currently in effect.

United Guaranty's updated 2008 Declining Markets List will be posted on [www.ugcorp.com/decliningmarkets.html](http://www.ugcorp.com/decliningmarkets.html) on Friday, October 17, 2008.

For complete eligibility policies and underwriting guidelines, please see the *Underwriting Guidelines & Eligibility Criteria* guide at [www.ugcorp.com](http://www.ugcorp.com).