

CMG MI Guideline Changes Effective 4/14/08

Summary of Changes

A-MINUS (FICO® SCORE < 620) GUIDELINE CHANGES FOR ALL MARKETS

- For all markets, CMG MI will no longer insure loans with representative FICO scores less than 575, regardless of the automated under-writing system (AUS) decisions.
- For all markets, for loans with representative FICO scores between 575 and 619, the maximum allowable LTV/CLTV is 95%, regardless of the AUS decisions.

GUIDELINE CHANGES FOR DISTRESSED AND DECLINING MARKETS

CMG MI will require a reduction of five (5) percentage points to the maximum loan-to-value (LTV) ratio allowed by the loan program or product. **The maximum LTV/CLTV cannot exceed 95%.**

For example:

- If the maximum LTV allowed for a Full Doc standard program is 103% or 100%, then the maximum LTV would be reduced to 95%.
- If the maximum LTV allowed for a Full Doc Second Home loan is 95%, then the maximum LTV would be reduced to 90%.

The following additional restrictions will apply in areas subject to the *CMG MI Distressed Markets Policy*:

- CMG MI will not insure negative-amortizing or option-payment mortgages.
- CMG MI will not insure reduced documentation (Alt-A) products
- CMG MI will not insure A-Minus loans (FICO scores < 620).
- LTV/CLTVs of 90.01% to 95.00% require a minimum representative FICO score of 680.
- LTV/CLTVs of 90% or less require a minimum representative FICO score of 620.

- The maximum LTV/CLTV for condominiums is 90%.
- The maximum LTV/CLTV for cash-out refinancing is 85%.

This policy applies when the following indicators are present:

- The appraisal report indicates declining values; **or**
- A declining market message from an AUS system is received; **or**
- A credit union's independent research reveals that the subject property is located in a declining market; **or**
- The subject property is located in a MSA/MSAD on the *CMG MI Distressed Markets List*.

It is particularly important in a declining or distressed market to determine that the value of the subject property is well supported.

Therefore, we recommend:

- Two comparables that have closed within the last 90 days; **and**
- A current listing; **and**
- Detailed explanations from the appraiser as to why property values are declining in the area, and what effect falling home prices have had on the value and marketability of the subject property.

Additionally, the following restriction will apply:

- These changes supersede previously issued CMG MI Program Variations.

For more information on CMG MI's Distressed Markets Policies, and to see the most current list of Distressed Market MSAs/MSADs, visit www.cmgmi.com/distressed-markets.



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