

**CMG Mortgage Insurance Company**  
**Revised Pricing Structure FAQs**  
**Effective Date December 15, 2008**

**Q1: What changes are being made with this announcement?**

**A1:** CMG MI will introduce four FICO<sup>®</sup>-score tiers of 620-659, 660-699, 700-739 and greater than or equal to 740 on standard rates for all LTV, coverage and plan types. We will also introduce new pricing for the A-Minus FICO-score tiers of 580-599 and 600-619.

In addition, we have simplified the loan type categories of temporary buydowns, ARMs with caps of 1% or less and ARMs with annual caps greater than 1% by combining them into one category called “Non-Fixed.”

Finally, CMG MI will introduce new surcharges and discounts to certain products to align them with the risk being insured.

**Q2: Why is CMG MI making these changes?**

**A2:** We continually assess our risk parameters and pricing to ascertain the risks we insure are balanced to our pricing. These pricing changes are based on careful consideration and thorough analysis given the current mortgage environment.

Our revised pricing structure allows us to continue serving our credit union customers’ needs by providing mortgage insurance products for a wide range of member credit profiles. These changes are a continuation of the leadership role CMG MI has taken to promote sustainable homeownership for credit union members.

The loan performance data we have obtained from our insured credit union portfolio has shown that members with lower credit scores have a higher likelihood of default. Members with higher credit scores will benefit from more attractive pricing as compared to members with lower credit scores, and credit unions will benefit from a stronger mortgage portfolio.

**Q3: Is CMG MI introducing these rate changes due to financial issues?**

**A3:** No, on the contrary, CMG MI is the only profitable mortgage insurance company based on the first half of 2008. CMG MI also has an AA insurer financial strength rating with Fitch Ratings and an AA- insurer financial strength rating with S&P, and both ratings were affirmed last April. As noted above, our revised pricing structure allows CMG MI to continue to serve our customers’ needs by providing products and services for a wide range of credit union member profiles.

**Q4: Will the new rates apply for all states on December 15, 2008?**

A4: CMG MI's revised pricing structure will apply to most states on December 15, 2008, pending state approvals. Updated information on new state approvals will be posted on our website at [www.cmgmi.com](http://www.cmgmi.com) and provided to CMG MI Account Executives so they can inform their customers.

**Q5: When will the updated rate sheets be available to customers?**

A5: On October 27, 2008, you can visit our "What's New" page at [www.cmgmi.com/whatsnew](http://www.cmgmi.com/whatsnew) for the new rate sheets, which will go into effect on December 15, 2008, pending state approvals.

**Q6: Have other MI companies made changes to their credit union rates?**

A6: Over the past few months, at least two of our competitors have announced and implemented a multiple credit-score risk structure for LTVs greater than 95%. In addition, one competitor has also increased their premium rates for LTVs below 97%, while another has introduced new pricing for certain delegated business. Finally, several competitors have introduced new premium rate adjustments as well.

Also, many credit unions have introduced revised pricing for their mortgage loan products and are thus familiar with this type of pricing structure. We believe these pricing changes will give CMG MI more flexibility to manage our credit risk when market conditions show improvement.

**Q7: How will these pricing changes affect our credit union systems?**

A7: CMG MI has had some preliminary conversations with some of the larger providers with front-end origination systems for credit unions so they can begin preparations for our pricing changes. CMG MI recommends that you notify your staff and branches of the changes and the effective date as soon as possible.

**Q8: Will my commitments be subject to the revised pricing structure effective December 15, 2008, pending state approvals?**

A8: If you receive a commitment before December 15, 2008, the certificate will be priced using the current rates that were in effect prior to December 15, 2008.

Pre-approvals and pre-qualifications are treated as an application for mortgage insurance, **NOT** a commitment for mortgage insurance.

**Q9: Where are the Standard Annual rates?**

A9: CMG MI has evaluated the usage of the Standard Annual payment plan and we have decided to retire this payment plan option.

**Q10: Will these changes affect my Fair Credit Reporting Act (FCRA) disclosure?**

A10: It is possible our pricing changes will affect your disclosure to your member/borrowers. You should review these changes with your credit union legal advisors to ascertain how the changes may affect your disclosures. CMG MI currently has a process to notify member/borrowers who do not receive the "best rate."