

C M G M I G U I D E L I N E S

DISTRESSED MARKETS POLICY

The CMG MI Distressed Markets Policy will apply when one of the following indicators is present:

- The subject property is located in a MSA/MSAD on the **CMG MI Distressed Markets List**; or
- The declining property value box is checked on the appraisal report; or
- A credit union lender's independent research reveals that the subject property is located in a declining market.

The value of the subject property must be well supported; therefore, we recommend obtaining with the origination appraisal report:

- Two comparable sales that have closed within the 90 days prior to the effective date of the appraisal, and
- Detailed explanation 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.

Once the above criteria have been considered and a valid and accurate appraised value is established, implement the LTV reduction:

- Determine the maximum financing LTV allowed for the selected CMG MI program or product and reduce it by five percentage points (5%).
 - All other CMG MI guidelines based on the reduced LTV will apply.
- The maximum LTV/CLTV cannot exceed 95%.
 - If property is located in a Tier 1 or Tier 2 state, MSA/MSAD, or non-MSA area (Refer to the CMG MI Distressed Markets List), the maximum LTV/CLTV is 95% or 90%, respectively.

Additionally, the following restrictions will apply:

- LTV/Loan Amount
 - Less than or equal to 90.0% to \$417,000
 - 90.01 - 95.0% to \$417,000
 - Minimum 680 loan representative credit score
 - Less than or equal to 90.0% - \$417,001-\$700,000
 - Minimum 720 loan representative credit score
 - 90.01 to 95.0% - \$417,001-\$600,000
 - Minimum 740 loan representative credit score
- Second Homes:
 - Maximum \$417,000 loan amount
 - Minimum 720 loan representative credit score
 - Ineligible: AZ, CA, FL, & NV

- Condominiums:
 - 90.0% LTV/CLTV to \$417,000
 - Minimum 680 loan representative credit score
 - 90.0% LTV/CLTV to \$650,000
 - Minimum 720 loan representative credit score
- 2-Unit Properties:
 - Maximum \$533,850 loan amount
- Manufactured Homes:
 - Minimum 680 loan representative credit score
- Maximum 45% Debt-To-Income Ratio
- CMG MI will not insure:
 - Loan Representative Credit Score of Less Than 620
 - Nontraditional Credit
 - Cash-Out Refinances
 - Construction-To-Perm
 - Interest Only
 - Investment Properties
 - 3-4 Unit Properties
 - Limited Doc Products
 - Scheduled or Potential Negative Amortization
 - Option Payment Mortgages
- These changes apply to previously issued CMG MI Program Variations.

CMG MI continually monitors the volatility in the marketplace, as well as risk factors relative to our guidelines. This may require us to make additional changes to our underwriting guidelines or pricing. The **CMG MI Distressed Markets List** will be reviewed and updated on a quarterly basis, or more frequently as needed.

To determine the subject property's MSA/MSAD, the following websites may be helpful:

- U.S. Census Bureau/Current lists of Metropolitan and Micropolitan Statistical Areas and Definitions. Scroll down to Definition Files/Metropolitan and Micropolitan Statistical Areas and Components.
<http://www.census.gov/population/www/estimates/metrodef.html>
- Zipcodedownload.com.
<http://zipcodedownload.com> (fee charged)

To determine if the property is subject to CMG MI's Distressed Markets Policy, access the CMG MI ZipMap at:

- <http://www.cmgmi.com/map>