

CMG MI
Program Guideline
Updates
Effective December 15, 2008



CMG Mortgage Insurance Company
A Joint Venture between PMI Mortgage Insurance Co. and
CUNA Mutual Investment Corporation

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
LTV/Loan Amount	<ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ○ 100% LTV to \$550,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score ○ 97% LTV to \$600,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score ○ 95% LTV to \$650,000 ○ 90% LTV to \$750,000 ○ 85% LTV to \$850,000 • Second Home <ul style="list-style-type: none"> ○ 95% LTV to \$550,000 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score ○ 90% LTV to \$600,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score • Investment Property <ul style="list-style-type: none"> ○ 85% LTV to \$533,850 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score 	<ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ○ 100% LTV to \$550,000 <ul style="list-style-type: none"> - Minimum 700 loan representative credit score ○ 97% LTV to \$600,000 <ul style="list-style-type: none"> - Minimum 700 loan representative credit score ○ 95% LTV to \$650,000 ○ 90% LTV to \$750,000 ○ 85% LTV to \$850,000 • Second Home <ul style="list-style-type: none"> ○ 95% LTV to \$650,000 • Investment Property <ul style="list-style-type: none"> ○ 90% LTV to \$650,000
Temporary/Permanent Buydowns	<p>2,1 buydown allowed on Fixed Rate Mortgages (FRMs) and \geq 3/1 ARMs to 95% LTV</p> <p>3,2,1 buydown allowed on FRMs and \geq 5/1 ARMs to 95% LTV</p>	<p>2,1 buydown allowed on Fixed Rate Mortgage (FRM); 3/1 and 5/1 ARMs to 95% LTV</p> <p>3,2,1 buydown allowed on FRM; 5/1 ARMs to 95% LTV</p>

CMG MI Conforming & Non-Conforming Program Guidelines

<u>Guideline Topic</u>	<u>New Guidelines - Effective December 15, 2008</u>	<u>Existing Guidelines</u>
Loan Purpose	<p>Purchase</p> <ul style="list-style-type: none"> • Relocation Documentation & Eligibility <ul style="list-style-type: none"> ◦ Not eligible for delivery via the CMG MI delegated channel. Must be submitted to the CMG MI Underwriting Network for review - Copy of relocation agreement or detail of relocating company's standard relocation "package" 	Purchase
	<p>Cash-Out Refinance – loan where the proceeds exceed the outstanding principal balance of existing lien plus reasonable and customary closing costs; pay off or subordinate a lien which is seasoned less than 12 months whether or not the borrower received any cash from the transaction; all debt consolidation is treated as Cash-Out; property should not have been listed for sale in the last 90 days</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ Maximum 95% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score - Maximum \$25,000 cash back to borrower at close ◦ Maximum 90% LTV to \$500,000 <ul style="list-style-type: none"> - Minimum 660 loan representative credit score - Maximum \$50,000 cash back to borrower at close • Ineligible: Second Home and Investment Property 	<p>Cash-Out Refinance – loan where the proceeds exceed the outstanding principal balance of existing lien plus reasonable and customary closing costs; pay off or subordinate a lien which is seasoned less than 12 months whether or not the borrower received any cash from the transaction; all debt consolidation is treated as Cash-Out; property should not have been listed for sale in the last 90 days</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ Maximum 95% LTV <ul style="list-style-type: none"> - Minimum 680 loan representative credit score - Maximum \$50,000 Cash-Out ◦ Maximum 90% LTV <ul style="list-style-type: none"> - Minimum 660 loan representative credit score - Maximum \$50,000 Cash-Out • Ineligible: Second Home and Investment Property

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Eligible Borrowers	<p><i>Credit union employee loans are not eligible for delivery via the CMG MI delegated channel. They must be submitted to the CMG MI Underwriting Network for review.</i></p>	
Nontraditional Credit	<ul style="list-style-type: none"> • Loans with nontraditional credit are not eligible for delivery via the CMG MI delegated channel. They must be submitted to the CMG MI Underwriting Network for review. • Maximum 95% LTV • <i>For pricing purposes, nontraditional credit will be treated as comparable to a 620 loan representative credit score.</i> • <i>When the borrower has established little or no traditional credit, nontraditional credit sources must be verified to evaluate the borrower's history of making regular payments to a third party and to establish his/her paying habits on those obligations. Nontraditional credit should be used to build a credit profile and not as a compensating factor to offset derogatory credit.</i> • <i>In an instance where a nontraditional credit history is to be developed, the following conditions must be reported on the borrower's credit report:</i> <ul style="list-style-type: none"> ◦ <i>The borrower has no FICO score due to no credit record with a repository; or</i> ◦ <i>The borrower has a low FICO score; there is no history of delinquency in the file and the reason codes list lack of credit accounts, accounts not opened long enough, or lack of usage as the reason. A FICO credit score based on fewer than three trades will be considered unusable. A merged credit report may report three or more trades in total. However, a credit score determined by using less than three trades from an individual repository is also considered unusable.</i> <i>In the event the credit report reflects a low FICO score for the borrower due to lack of sufficient information, it is then appropriate to build a profile based on nontraditional sources.</i> 	<ul style="list-style-type: none"> • Loans with nontraditional credit are not eligible for delivery via the CMG MI delegated channel. They must be submitted to a CMG MI underwriting office for review. • Maximum 95% LTV • Nontraditional credit should be verified and compiled by an independent credit reporting agency. Favorable as well as unfavorable credit references should be provided by the lender. A minimum of 4 open accounts with a 12-month history of payments should be provided. Some sources for verifying nontraditional credit may include: <ul style="list-style-type: none"> - Rent/mortgage payments (current and previous residences) - Utility payments (gas, electricity, water, trash collection) - Telephone bills - Telephone cable service - Auto/life/renter's insurance premiums - Child care payments - Alimony or child support - Retail store payments (department, furniture, appliance) - School tuition - Medical bills paid in installments - Non-credit payment accounts • Maximum 1x30 late rent payment in the last 24 months • Maximum 1x60 late payment for installment or revolving accounts in the last 12 months

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Nontraditional Credit (cont'd)	<ul style="list-style-type: none"> • Nontraditional credit should be verified and compiled by an independent credit reporting agency. Favorable as well as unfavorable credit references should be provided by the lender. A minimum of 4 open accounts with a 12-month history of payments should be provided. Some sources for verifying nontraditional credit may include: <ul style="list-style-type: none"> o Rent/mortgage payments (current and previous residences) o Utility payments (gas, electricity, water, trash collection) o Telephone bills o Telephone cable service o Auto/life/renter's insurance premiums o Child care payments o Alimony or child support o Retail store payments (department, furniture, appliance) o School tuition o Medical bills paid in installments o Non-credit payment accounts • Maximum 1x30 late rent payment in the last 24 months • Maximum 1x60 late payment for installment or revolving accounts in the last 12 months 	
Debt Ratios	<p>Owner Occupied/Second Homes</p> <ul style="list-style-type: none"> • Maximum 45% for LTVs greater than 95%, regardless of DU or LP recommendations • Maximum 50% for LTVs less than or equal to 95%, regardless of DU or LP recommendations <p>Investment Properties</p> <ul style="list-style-type: none"> • Maximum 45%, regardless of DU or LP recommendations 	<ul style="list-style-type: none"> • Maximum 45% for LTVs greater than 97%, regardless of DU or LP recommendations • Maximum 50% for LTVs less than or equal to 97%, regardless of DU or LP recommendations

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> • LTV > 97% - 100% <ul style="list-style-type: none"> ◦ Minimum \$500 own funds • LTV > 95% - 97% <ul style="list-style-type: none"> ◦ Minimum 3% own funds • LTV ≤ 95% <ul style="list-style-type: none"> ◦ Owner-Occupied <ul style="list-style-type: none"> - Loan representative credit score ≥ 660, minimum 3% own funds - Loan representative credit score 620-659, minimum 5% own funds ◦ Second Homes <ul style="list-style-type: none"> - Minimum 5% own funds ◦ Investment Properties <ul style="list-style-type: none"> - Minimum 10% own funds 	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> • LTV > 97% <ul style="list-style-type: none"> ◦ Minimum \$500 own funds • LTV > 95% - 97% <ul style="list-style-type: none"> ◦ Minimum 3% own funds • LTV ≤ 95% <ul style="list-style-type: none"> ◦ Owner-Occupied <ul style="list-style-type: none"> - Loan representative credit score ≥ 680, minimum 3% own funds - Loan representative credit score 620-679, minimum 5% own funds ◦ Second Homes <ul style="list-style-type: none"> - Minimum 5% own funds ◦ Investment Properties <ul style="list-style-type: none"> - Minimum 10% own funds
Minimum Down Payment	<p>Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac</p>	
Cash Reserves	<ul style="list-style-type: none"> • Reserves cannot be proceeds from subject mortgage • Single Property <ul style="list-style-type: none"> ◦ Owner Occupied/Second Homes <ul style="list-style-type: none"> - Minimum 2 months' PITI ◦ Investment Properties <ul style="list-style-type: none"> - Minimum 6 months' PITI 	<ul style="list-style-type: none"> • Owner Occupied/Second Homes <ul style="list-style-type: none"> - Minimum 2 months' PITI Investment Properties <ul style="list-style-type: none"> - Minimum 6 months' PITI • Reserves cannot be proceeds from subject mortgage

CMG MI Conforming & Non-Conforming Program Guidelines

<u>Guideline Topic</u>	<u>New Guidelines - Effective December 15, 2008</u>	<u>Existing Guidelines</u>
Cash Reserves (cont'd)	<p><i>Multiple Properties</i></p> <ul style="list-style-type: none"> • <i>Current principal residence is pending sale (transaction will not be closed with title transfer to new owner prior to the close of subject transaction).</i> <ul style="list-style-type: none"> ◦ <i>Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction.</i> ◦ <i>Minimum 6 months of PITI for both properties</i> ◦ <i>No cash-out refinance in the past 6 months</i> • <i>Primary Home Converts to a Second Home</i> <ul style="list-style-type: none"> ◦ <i>Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and</i> ◦ <i>Minimum 6 months of PITI for both properties; or</i> ◦ <i>Minimum 2 months of PITI for both properties:</i> <ul style="list-style-type: none"> - <i>Document equity of at least 30 percent in the existing property (derived from an appraisal, automated valuation model (AVM), or Broker Price Opinion (BPO), minus outstanding liens. Valuation must be current within 30 days of application).</i> 	

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Cash Reserves (cont'd)	<ul style="list-style-type: none"> • Primary Home Converts to an Investment Property <ul style="list-style-type: none"> ◦ Documented equity of at least 30 percent in the existing property (derived from an appraisal, automated valuation model (AVM), or Broker Price Opinion (BPO), minus outstanding liens. Valuation must be current within 30 days of application). <ul style="list-style-type: none"> - Up to 75% of the rental income to be used to offset the mortgage payment in qualifying. ◦ Rental income documentation: <ul style="list-style-type: none"> - Copy of the fully executed lease agreement; and - Receipt of a security deposit from the tenant and deposit into the borrower's account. ◦ If equity of at least 30 percent in the existing property CANNOT be documented, rental income may NOT be used to offset the mortgage payment; and <ul style="list-style-type: none"> - Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and - Minimum 6 months of PITI for both properties is required to be in reserves. 	

CMG MI Conforming & Non-Conforming Program Guidelines

<u>Guideline Topic</u>	<u>New Guidelines - Effective December 15, 2008</u>	<u>Existing Guidelines</u>
Eligible Properties	<p>Owner-Occupied</p> <ul style="list-style-type: none"> • 1-unit single-family attached or detached • 2-units <ul style="list-style-type: none"> ◦ Maximum 95% LTV ◦ Minimum 680 loan representative credit score • Condominiums must be Fannie Mae/Freddie Mac warrantable • Manufactured homes <ul style="list-style-type: none"> ◦ Maximum 95% LTV to \$417,000 ◦ Minimum 680 loan representative credit score ◦ Maximum 90% LTV to \$417,000 ◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs® • Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$650,000 ◦ Minimum 720 loan representative credit score • Ineligible: 3-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes 	<p>Owner-Occupied</p> <ul style="list-style-type: none"> • 1-unit single-family attached or detached • 2-units <ul style="list-style-type: none"> ◦ Maximum 95% LTV • 3-4 units <ul style="list-style-type: none"> ◦ Maximum 90% LTV • Condominiums must be Fannie Mae/Freddie Mac warrantable • Manufactured homes <ul style="list-style-type: none"> ◦ Maximum 95% LTV ◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs® • Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state <ul style="list-style-type: none"> ◦ Maximum 90% LTV • Ineligible: Timeshare/interval ownership, mixed use, builder inventory and spec homes

CMG MI Conforming & Non-Conforming Program Guidelines

<u>Guideline Topic</u>	<u>New Guidelines - Effective December 15, 2008</u>	<u>Existing Guidelines</u>
Eligible Properties (cont'd)	<p>Second Home</p> <ul style="list-style-type: none"> • 1-unit single-family attached or detached • Condominiums must be Fannie Mae/Freddie Mac warrantable • Manufactured homes <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$417,000 ◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at www.efanniemae.com, www.freddie.mac.com, or via AllRegs® • Ineligible: Co-ops, 2-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes 	<p>Second Home</p> <ul style="list-style-type: none"> • 1-unit single-family attached or detached • Condominiums must be Fannie Mae/Freddie Mac warrantable • Manufactured homes must meet Fannie Mae/Freddie Mac property eligibility criteria available at www.efanniemae.com, www.freddie.mac.com, or via AllRegs® • Ineligible: Co-ops, 2-4 units, timeshare/interval ownership, mixed use, builder inventory and spec homes
	<p>Investment Property</p> <ul style="list-style-type: none"> • 1-unit single-family attached or detached <ul style="list-style-type: none"> ◦ Maximum \$417,000 loan amount • 2-units <ul style="list-style-type: none"> ◦ Minimum 740 loan representative credit score • Condominiums must be Fannie Mae/Freddie Mac warrantable • If more than 4 properties are financed, then borrower must provide the following evidence: <ul style="list-style-type: none"> ◦ “Rent loss” insurance covering a minimum of 6 months’ rent • Ineligible: 3-4 units, manufactured homes, Co-ops, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes 	<p>Investment Property</p> <ul style="list-style-type: none"> • 1-unit single-family attached or detached • 2-4 units • Condominiums must be Fannie Mae/Freddie Mac warrantable • If more than 4 properties are financed, then borrower must provide the following evidence: <ul style="list-style-type: none"> ◦ “Rent loss” insurance covering a minimum of 6 months’ rent • Ineligible: Manufactured homes, Co-ops, timeshare/interval ownership, mixed use, builder inventory and spec homes

CMG MI Conforming & Non-Conforming Program Guidelines

<u>Guideline Topic</u>	<u>New Guidelines - Effective December 15, 2008</u>	<u>Existing Guidelines</u>
Appraisal	<ul style="list-style-type: none"> • Appraisal requirements for all loans > \$650,000, must meet one of the following: <ul style="list-style-type: none"> ◦ 2 independent interior/exterior appraisal reports with photos ◦ 1 independent interior/exterior appraisal with photos AND a complete field review supporting appraised value • Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs® <ul style="list-style-type: none"> ◦ Subject property condition must be “average” or above to be eligible for CMG MI delegated delivery. <ul style="list-style-type: none"> - Generally property condition must be average or above to be eligible for mortgage insurance ◦ Loans with recommendations by Fannie Mae’s Desktop Underwriter receiving DU Approve or EA I and or Freddie Mac’s Loan Prospector receiving LP Accept may utilize the appraisal options provided in the recommendation. 	<ul style="list-style-type: none"> Appraisal requirements for all loans > \$650,000, must meet one of the following: <ul style="list-style-type: none"> • 2 independent interior/exterior appraisal reports with photos • 1 independent interior/exterior appraisal with photos AND a complete field review supporting appraised value

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Appraisal (cont'd)	<ul style="list-style-type: none"> • <i>All appraisals must be in writing or electronic. Standard format is as follows:</i> <ul style="list-style-type: none"> ◦ <i>Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005)</i> ◦ <i>Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005)</i> ◦ <i>2-Unit Properties -- The Small Residential Income Property appraisal Report (Fannie Mae Form 1025/Freddie Mac Form 1072 dated March 2005) and The Operating Income Statement (Fannie Mae Form 216)</i> ◦ <i>Manufactured Homes -- Manufactured Home Appraisal Report, Form 1004C/70B</i> ◦ <i>Investment Properties require:</i> <ul style="list-style-type: none"> - <i>The Single-Family Comparable Rent Schedule (Fannie Mae Form 1007 and the Operating Income Statement (Fannie Mae Form 216)</i> ◦ <i>Cooperative Housing Units -- Individual Cooperative Interest Appraisal Report – Fannie Mae Form 2090 and the Exterior-Only Individual Cooperative Interest Appraisal Report – Fannie Mae Form 2095</i> • <i>The appraisal report should be prepared by a state-certified or state-licensed appraiser in accordance with Uniform Standards of Professional Appraisal Practices (USPAP).</i> 	

CMG MI A-Minus Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Introduction	The CMG MI A-Minus Program is designed for borrowers with a loan representative credit score greater than or equal to 580 and less than 620.	The CMG MI A-Minus Program is designed for borrowers with a loan representative credit score greater than or equal to 575 and less than 620.
Loan Purpose	Ineligible: Cash-Out Refinance, Relocation	Ineligible: Cash-Out Refinance
Eligible Borrowers	Credit union employee loans are not eligible for delivery via the CMG MI delegated channel. They must be submitted to the CMG MI Underwriting Network for review.	
Credit History	All loans with a loan representative credit score less than 580 , regardless of DU or LP recommendations, are not eligible for mortgage insurance	All loans with a loan representative credit score less than 575, regardless of DU or LP recommendations, are not eligible for mortgage insurance
Minimum Down Payment	<ul style="list-style-type: none"> • Must be borrower's own funds • Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac 	Must be borrower's own funds
Cash Reserves	<ul style="list-style-type: none"> • Reserves cannot be proceeds from subject mortgage • Single Property <ul style="list-style-type: none"> - Minimum 2 months' PITI • Multiple Properties <ul style="list-style-type: none"> - Current principal residence is pending sale (transaction will not be closed with title transfer to new owner prior to the close of subject transaction). <ul style="list-style-type: none"> ◦ Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction ◦ Minimum 6 months of PITI for both properties ◦ No cash-out refinance in the past 6 months - Ineligible: <ul style="list-style-type: none"> ◦ Primary Home Converts to a Second Home ◦ Primary Home Converts to an Investment Property 	<ul style="list-style-type: none"> • Minimum 2 months' PITI • Reserves cannot be proceeds from subject mortgage
Ineligible Properties	Ineligible: 2-4 units, manufactured homes, condotels , timeshare/interval ownership, mixed use, builder inventory, and spec homes	Ineligible: 2-4 units, manufactured homes, timeshare/interval ownership, mixed use, builder inventory, and spec homes

CMG MI A-Minus Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Appraisal	<ul style="list-style-type: none"> • <i>Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs®</i> <ul style="list-style-type: none"> ◦ <i>Subject property condition must be “average” or above to be eligible for CMG MI delegated delivery.</i> <ul style="list-style-type: none"> - <i>Generally property condition must be average or above to be eligible for mortgage insurance</i> ◦ <i>Loans with recommendations by Fannie Mae’s Desktop Underwriter receiving DU Approve or EA I and or Freddie Mac’s Loan Prospector receiving LP Accept may utilize the appraisal options provided in the recommendation.</i> • <i>All appraisals must be in writing or electronic. Standard format is as follows:</i> <ul style="list-style-type: none"> ◦ <i>Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005)</i> ◦ <i>Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005)</i> ◦ <i>Cooperative Housing Units -- Individual Cooperative Interest Appraisal Report – Fannie Mae Form 2090 and the Exterior-Only Individual Cooperative Interest Appraisal Report – Fannie Mae Form 2095</i> • <i>The appraisal report should be prepared by a state-certified or state-licensed appraiser in accordance with Uniform Standards of Professional Appraisal Practices (USPAP).</i> 	

CMG MI Construction-To-Perm Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
LTV/Loan Amount	Owner-Occupied • 95% LTV to \$417,000 o Minimum 720 loan representative credit score • 90% LTV to \$650,000 o Minimum 680 loan representative credit score	Owner-Occupied • 95% LTV to \$650,000
Eligible Borrowers	Credit union employee loans are not eligible for delivery via the CMG MI delegated channel. They must be submitted to the CMG MI Underwriting Network for review.	
Debt Ratios	Maximum 45%, regardless of DU or LP recommendations	Maximum 50%, regardless of DU or LP recommendations
Minimum Down Payment	• Minimum 5% own funds • Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac	Minimum 5% own funds
Cash Reserves	• Reserves cannot be proceeds from subject mortgage • Single Property o Minimum 2 months' PITI	• Minimum 2 months' PITI • Reserves cannot be proceeds from subject mortgage
	Multiple Properties • Current principal residence is pending sale (transaction will not be closed with title transfer to new owner prior to the close of subject transaction). o Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction. o Minimum 6 months of PITI for both properties o No cash-out refinance in the past 6 month	
	• Primary Home Converts to a Second Home o Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and o Minimum 6 months of PITI for both properties; or o Minimum 2 months of PITI for both properties: - Document equity of at least 30 percent in the existing property (derived from an appraisal, automated valuation model (AVM), or Broker Price Opinion (BPO), minus outstanding liens. Valuation must be current within 30 days of application).	

CMG MI Construction-To-Perm Program Guidelines

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Cash Reserves (cont'd)	<ul style="list-style-type: none"> • Primary Home Converts to an Investment Property <ul style="list-style-type: none"> ◦ Documented equity of at least 30 percent in the existing property (derived from an appraisal, automated valuation model (AVM), or Broker Price Opinion (BPO), minus outstanding liens. Valuation must be current within 30 days of application). <ul style="list-style-type: none"> - Up to 75% of the rental income to be used to offset the mortgage payment in qualifying. ◦ Rental income documentation: <ul style="list-style-type: none"> - Copy of the fully executed lease agreement; and - Receipt of a security deposit from the tenant and deposit into the borrower's account. ◦ If equity of at least 30 percent in the existing property CANNOT be documented, rental income may NOT be used to offset the mortgage payment; and <ul style="list-style-type: none"> - Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and - Minimum 6 months of PITI for both properties is required to be in reserves. 	
Appraisal	<ul style="list-style-type: none"> • Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs® <ul style="list-style-type: none"> ◦ Subject property condition must be "average" or above to be eligible for CMG MI delegated delivery. <ul style="list-style-type: none"> - Generally property condition must be average or above to be eligible for mortgage insurance ◦ Loans with recommendations by Fannie Mae's Desktop Underwriter receiving DU Approve or EA I and or Freddie Mac's Loan Prospector receiving LP Accept may utilize the appraisal options provided in the recommendation. • All appraisals must be in writing or electronic. Standard format is as follows: <ul style="list-style-type: none"> ◦ Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005) • The appraisal report should be prepared by a state-certified or state-licensed appraiser in accordance with Uniform Standards of Professional Appraisal Practices (USPAP). 	

CMG MI Distressed Markets Policy

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
Once the above criteria have been considered and a valid and accurate appraised value is established, implement the LTV reduction:	The maximum LTV/CLTV cannot exceed 95%. <ul style="list-style-type: none"> • <i>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.</i> 	The maximum LTV/CLTV cannot exceed 95%.
Restrictions - Additionally, the following restrictions will apply:	LTV/Loan Amount <ul style="list-style-type: none"> • <i>Less than or equal to 90.0% to \$417,000</i> • <i>90.01 - 95.0% to \$417,000</i> <ul style="list-style-type: none"> ◦ <i>Minimum 680 loan representative credit score</i> • <i>Less than or equal to 90.0% - \$417,001-\$700,000</i> <ul style="list-style-type: none"> ◦ <i>Minimum 720 loan representative credit score</i> • <i>90.01 to 95.0% - \$417,001-\$600,000</i> <ul style="list-style-type: none"> ◦ <i>Minimum 740 loan representative credit score</i> 	LTV/CLTVs of 90.01% to 95.0% require a minimum loan representative credit score of 680.
	Second Homes <ul style="list-style-type: none"> • <i>Maximum \$417,000 loan amount</i> • <i>Minimum 720 loan representative credit score</i> • <i>Ineligible: AZ, CA, FL, & NV</i> 	
	Condominiums: <ul style="list-style-type: none"> • <i>90.0% LTV/CLTV to \$417,000</i> <ul style="list-style-type: none"> ◦ <i>Minimum 680 loan representative credit score</i> • <i>90.0% LTV/CLTV to \$650,000</i> <ul style="list-style-type: none"> ◦ <i>Minimum 720 loan representative credit score</i> 	Maximum LTV/CLTV for condominiums is 90%.
	2-Unit Properties: <ul style="list-style-type: none"> • <i>Maximum \$533,850 loan amount</i> 	
	Manufactured Homes: <ul style="list-style-type: none"> • <i>Minimum 680 loan representative credit score</i> 	
	Maximum 45% Debt-To-Income Ratio	

CMG MI Distressed Markets Policy

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
<p>Restrictions - Additionally, the following restrictions will apply (cont'd):</p>	<p>CMG MI will not insure:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • CMG MI will not insure: <ul style="list-style-type: none"> - Loan Representative Credit Score of Less Than 620 - Nontraditional Credit - Cash-Out Refinances - Investment Properties - Limited Doc Products - Scheduled or Potential Negative Amortization - Option Payment Mortgages • Maximum LTV/CLTV for a construction-to-perm loan is 85%.
	<p>These changes apply to previously issued CMG MI Program Variations.</p>	<p>These changes supersede previously issued CMG MI Program Variations.</p>
<p>For properties located in the following states, MSA/MSADs, or non-MSA areas, the maximum LTV/CLTV will be subject to the following 2 Tiers:</p>	<p><i>Tier 1: Maximum 95% LTV/CLTV (or loan product/program maximum if less than 95% LTV). All other distressed markets restrictions apply.</i></p> <p><i>Tier 2: Maximum 90% LTV/CLTV (or loan product/program maximum if less than 90% LTV). All other distressed markets restrictions apply.</i></p>	
<p>Distressed Markets List</p>	<ul style="list-style-type: none"> • The following state will have a maximum 90% LTV/CLTV: <ul style="list-style-type: none"> ◦ California • The following states will be subject to two (2) LTV/CLTV tiers on our distressed markets list: <ul style="list-style-type: none"> ◦ Florida and Nevada <ul style="list-style-type: none"> - Maximum 95.0% LTV/CLTV or 90.0% LTV/CLTV as identified by MSA/MSADs, or non-MSA areas. Please view CMG MI's Distressed Markets List for further details. 	

CMG MI Distressed Markets Policy

Guideline Topic	New Guidelines - Effective December 15, 2008	Existing Guidelines
	<p>Arizona - Tier 1 California - Tier 2 Florida: <u>Tier 2:</u> Bradenton-Sarasota-Venice, FL Cape Coral-Fort Myers, FL Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Naples-Marco Island, FL Palm Bay-Melbourne-Titusville, FL Palm Coast, FL Port St. Lucie, FL Punta Gorda, FL Sebastian-Vero Beach, FL Tampa-St. Petersburg-Clearwater, FL West Palm Beach-Boca Raton-Boynton Beach, FL <u>Tier 1:</u> All other MSA/MSADs, and non-MSA areas, FL</p> <p>Michigan - Tier 1 Nevada <u>Tier 2:</u> Las Vegas-Paradise, NV <u>Tier 1:</u> All other MSA/MSADs, and non-MSA areas, NV</p> Puerto Rico - Tier 1	California Florida Michigan Puerto Rico
Distressed Markets List		
MSA/MSAD Name	<p><u>Tier 1:</u> Denver-Aurora, CO Atlanta-Sandy Springs-Marietta, GA Minneapolis-St. Paul-Bloomington, MN-WI Cincinnati-Middletown, OH-KY-IN Dayton, OH</p>	Denver-Aurora, CO Atlanta-Sandy Springs-Marietta, GA Barnstable Town, MA Minneapolis-St. Paul-Bloomington, MN-WI Cincinnati-Middletown, OH-KY-IN Dayton, OH

LTV/CLTV maximum does not include Single Premium Financed.