

# CMG MI GUIDELINES

## A-MINUS PROGRAM

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.

### Distressed Markets Policy

- Please refer to CMG MI's Distressed Markets Policy to determine if the property is subject to further guideline restrictions.

### Automated Approvals

- All Fannie Mae's Desktop Underwriter® ("DU") and Freddie Mac's Loan Prospector® ("LP") recommendations must meet CMG Mortgage Insurance Company's ("CMG MI") A-Minus Program Guidelines.

### LTV/Loan Amount

Loan amounts equal to conforming Fannie Mae and Freddie Mac loan limits are available at [www.efanniemae.com](http://www.efanniemae.com), [www.freddiemac.com](http://www.freddiemac.com) or via AllRegs®

- Owner-Occupied
  - 90% LTV to \$450,000
  - 85% LTV to \$500,000
- **Ineligible:** Second Home and Investment Property

(Maximum LTV subject to state/geographic restrictions)

### Loan Type

- Maximum 40 year amortization term
- Fixed rate, fixed payment, fully amortized over term
- Adjustable Rate Mortgage
  - Positively Amortizing ARM
  - Short Term ARM (3 years or less fixed period)
  - Hybrid ARM (i.e. 5/1, 7/1, 10/1)
  - Annual caps not to exceed 2% and lifetime cap not to exceed 6%
- Balloons
  - Term  $\geq$  5 years
- **Ineligible:** Potential Negative Amortization, Scheduled Negative Amortization, and Option Payment Mortgages

### Interest Only

- Ineligible

### Temporary/Permanent Buydowns

- Owner-Occupied only

### Subordinate Financing

- Maximum CLTV cannot exceed published maximum LTV stated within the CMG MI A-Minus Program Guidelines (see LTV/Loan Amount)
- Only the first mortgage will be insured by CMG MI

- Rate/Term Refinance - subordinate loan to be repaid or subordinated to the new rate/term refinance mortgage and must be seasoned at least 12 months

### Loan Purpose

- Purchase
- Rate/Term Refinance - used to pay off an existing first lien, including reasonable and customary closing costs; pay off of a subordinate lien that is seasoned at least 12 months; maximum cash back to the borrower of 2% of loan amount or \$2,000, whichever is less
- **Ineligible:** Cash-Out Refinance, Relocation

### Eligible Borrowers

- U.S. Citizens
- Inter Vivos Revocable Trusts
- Permanent Resident Aliens (the right to live and work in the US permanently)
- Non-permanent Resident Aliens (the right to live and work in the US temporarily) are eligible for:
  - Purchase and Rate/Term Refinance
  - Owner-Occupied only
  - Evidence of *Occupancy* status is validated by one of the following required INS documents:
    - Unexpired foreign passport containing INS form I-94 stamped with "Employment Authorized"
    - Temporary Resident Card form I-688
    - Employment Authorization Card form I-688 A or O containing the applicant's photograph
  - Evidence of *Residency* status is validated by a copy of the borrower's temporary work Visa (INS form I-94). The following documentation is required for Residency eligibility:
    - Borrower must have established a 2-year history of residency, employment and credit within the US
    - VISA status must provide a remaining duration of at least three years
    - Heavy emphasis will be placed on employment and likelihood of continuation
    - Assets for down payment, closing costs and reserves should be verified on deposit in a US financial institution for at least 6 months
- Non-occupant co-borrowers are allowed only for:
  - Owner-Occupied
  - 1-unit property
  - Owner-occupant borrower must qualify on their own
- 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.

## A-MINUS PROGRAM (cont'd)

- **Ineligible:** Non-Resident Alien, Partnerships, Corporations, Syndications, Trusts (*other than Inter Vivos Revocable Trusts*), and Foreign Nationals

### Employment History

- Salaried/Hourly
  - Minimum 24 months of verified employment in the same or related field
  - Minimum 30 days' current income verification
  - Employment gaps greater than 1 month should be explained
  - If loan is submitted through DU or LP, refer to the DU or LP recommendations regarding documentation requirements in reference to employment gaps
- Self-Employed
  - Minimum 24 months' history of self-employment verified by most recent 2 years' business tax returns
  - Business tax returns are not required if the borrower meets all of the following:
    - The borrower has been self employed in the same business for at least five years
    - The borrower's individual tax returns show an increase in income from self-employment in the past two years
    - All down payment and closing costs are from the borrower's personal funds; funds from business account(s) cannot be used

### 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
- The loan representative credit score will be determined using the lower/middle method; the lowest borrower score will be used
- Judgments, Liens, Collections, Voluntary or Involuntary Repossessions and Charge-offs must all be paid in full at the time of loan closing
- The Borrower's credit history must reflect 0x30 mortgage late payments in the last 24 months and 0x60 installment or revolving account late payments in the last 12 months
- Minimum 4 years re-established traditional credit after discharge of bankruptcy for borrowers who have had one bankruptcy; 2 years with extenuating circumstances
- Minimum 5 years re-established traditional credit after discharge of bankruptcy for borrowers who have more than one bankruptcy filing in the past 7 years.
- Borrowers with a history of Bankruptcy, Foreclosure, Short Sale or a Deed-in-Lieu must meet Fannie Mae/Freddie Mac standard credit underwriting criteria available at [www.efanniemae.com](http://www.efanniemae.com), [www.freddiemac.com](http://www.freddiemac.com) or via AllRegs®

- Borrowers with a prior foreclosure - loans are not eligible for delivery via the CMG MI delegated channel and must be submitted to the CMG MI Underwriting Network for review
- Comparable Credit Criteria (available at [www.cmgmi.com](http://www.cmgmi.com)) may be used in lieu of credit score to determine eligibility only if one of the following conditions apply:
  - Property is located in a state where pricing cannot be based on credit score
  - The credit score is unusable due to invalid credit information found on the report
  - Lack of sufficient credit informationLoans using the Comparable Credit Criteria must be submitted to the CMG MI Underwriting Network for review.

### Nontraditional Credit

- Ineligible

### Debt Ratios

- Maximum 50%, regardless of DU or LP recommendations

**NOTE:** Loans that exceed the above debt-to-income ratio criteria are not eligible for delivery via the CMG MI delegated channel and must be submitted to the CMG MI Underwriting Network for review.

### Qualifying Rate

- Positively Amortizing ARMs with an initial payment rate that is less than or equal to 300 bps below the Fully Indexed Accrual Rate (FIAR) qualify using the initial payment rate plus the first adjustment
- Positively Amortizing ARMs with an initial payment rate that is more than 300 bps below the FIAR qualify using the FIAR

### Minimum Down Payment

- Must be borrower's own funds
- **Ineligible:** "Sweat Equity" as defined by Fannie Mae/Freddie Mac

### Cash Reserves

- Reserves cannot be proceeds from subject mortgage
- Single Property
  - Minimum 2 months' PITI
- 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).
    - 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

## A-MINUS PROGRAM (cont'd)

- **Ineligible:**
  - Primary Home Converts to a Second Home
  - Primary Home Converts to an Investment Property

### Maximum Interested Party/Seller Contributions & Concessions

- Maximum 6% not to exceed the lesser of the property's sales price or appraised value

### Eligible Properties

- CMG MI generally insures properties up to 10 acres, provided the property is residential in nature. All property types not explicitly approved below are not eligible.
  - 1-unit single-family attached or detached
  - Condominiums must be Fannie Mae/Freddie Mac warrantable
  - Cooperative Housing Units (Co-ops) subject to CMG MI Cooperative Master Policy filed with state
  - **Ineligible:** 2-4 units, manufactured homes, condotels, timeshare/interval ownership, mixed use, builder inventory, and spec homes

### Multiple Loans to a Borrower

- CMG MI will insure up to 3 loans to a borrower with a maximum risk exposure of \$300,000 (maximum risk exposure defined as aggregate of original loan amount x percent of MI coverage)
- Within the 3 loans to a borrower limit, CMG MI will only accept the maximum amount on the following:
  - Primary Home – 1 loan maximum
  - Second Home – 1 loan maximum
  - Investment Property – 1 loan maximum

### Appraisal

- Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at [www.efanniemae.com](http://www.efanniemae.com), [www.freddiemac.com](http://www.freddiemac.com), or via AllRegs®
  - Subject property condition must be "average" or above to be eligible for CMG MI delegated delivery.
    - 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:
  - Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005)
  - Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005)

- 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
- 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 Coverages and Premiums

- For information regarding CMG MI rates and surcharges, please refer to our published rate sheets on our Web site at [www.cmgmi.com](http://www.cmgmi.com).
- When CMG MI Single Premium is financed, the maximum CLTV is 105% and is subject to state restrictions.