

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

A-MINUS PROGRAM

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.

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, 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

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

A-MINUS PROGRAM (cont'd)

Employment History

- Salaried/Hourly
 - Minimum 24 months of verified employment in the same or related field
 - 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 575, 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; 2 years with extenuating circumstances
- 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, 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 a CMG MI underwriting office for review
- Comparable Credit Criteria (available at 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 information
- Loans using the Comparable Credit Criteria should be submitted to a CMG MI underwriting office 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 a CMG MI underwriting office for review.

Qualifying Rate

- Positively Amortizing ARMs with an initial payment rate that is less than or equal to 300 bps below the 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

Cash Reserves

- Minimum 2 months' PITI
- Reserves cannot be proceeds from subject mortgage

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, timeshare/interval ownership, mixed use, builder inventory, and spec homes

A-MINUS PROGRAM (cont'd)

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

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.
- When CMG MI Single Premium is financed, the maximum CLTV is 105% and is subject to state restrictions.