

December 12, 2008

**Re: CMG MI Guideline Change Effective January 12, 2009**

Dear CMG MI Customer:

As part of our continuing efforts to support our credit union customers' ability to facilitate sustainable homeownership opportunities for their members in the current economic and housing environment, CMG Mortgage Insurance Company (CMG MI) is making a guideline change regarding loans with loan-to-value (LTV) ratios greater than 97%, which becomes **effective January 12, 2009**:

- Any loan with a LTV ratio greater than 97% is no longer eligible for mortgage insurance, regardless of the FICO<sup>®</sup> score; this includes loans with LTVs of 100% and 103%.

At CMG MI, we closely monitor home prices across the United States on a monthly basis. Based on continued declines in home prices as recently reported by some of the leading home prices indices, and the prospects for continued home price declines in 2009, we did not feel it was prudent for CMG MI to continue to insure loans with LTVs greater than 97%.

Based on internal studies, we have found that loans with no down payment have a higher likelihood of default. Further, over the past several months many of our customers have been getting back to basics in their mortgage lending programs by reducing or eliminating the proportion of loans originated with LTVs above 97%.

At CMG MI, we believe this change will help promote our goal to provide mortgage insurance products that support sustainable homeownership in all the communities we serve. Thank you for the opportunity to work with your credit union to achieve this goal. If you have any questions, please contact your CMG MI account executive, or visit our Website at [www.cmgmi.com/guidelines](http://www.cmgmi.com/guidelines).

Sincerely,



Mark C. Berkowitz  
Senior Vice President & General Manager