

## Updated Guidelines - Effective March 6, 2009

# 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:

1. The subject property is located in a state, MSA/MSAD, or non-MSA area on the **CMG MI Distressed Markets List**; or
2. The declining property value box is checked on the appraisal report; or
3. The credit union has identified the MSA/MSAD on their internal declining markets list/policy; or
4. The credit union's independent research shows the MSA/MSAD is declining

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, there are two designated Tiers that determine the maximum allowed LTV/CLTV:

- Tier 1 – Maximum 95% LTV/CLTV
  - States, MSA/MSADs, and non-MSA areas that are expected to be less severe based on the underlying fundamentals, including, but not limited to unemployment trends, home price volatility, and delinquency trends. This Tier will also apply to indicators 2, 3, and 4 (see above) provided the property's MSA/MSAD is not on the **CMG MI Distressed Markets List**.
- Tier 2 – Maximum 90% LTV/CLTV
  - States, MSA/MSADs, and non-MSA areas that are projected to continue to experience more significant economic and/or housing downturns and are expected to take longer to improve.

Additionally, the following restrictions will apply:

### Loan Amounts up to \$417,000

- Maximum 95% LTV/CLTV to \$417,000
  - Minimum 680 loan representative credit score
- Maximum 90% LTV/CLTV to \$417,000
  - Minimum 620 loan representative credit score

### Loan Amounts > \$417,000

- Maximum 90% LTV/CLTV to \$625,500
  - Minimum 720 loan representative credit score

### Credit History

- Arizona, California, Florida, Michigan, and Nevada
  - Minimum 720 loan representative credit score

### Debt Ratios

- Maximum 41%; compensating factors will not be considered

### Property Type

- Condominiums
  - Maximum 90% LTV/CLTV to \$417,000
    - Minimum 680 loan representative credit score
  - Maximum 85% LTV/CLTV to \$625,500
    - Minimum 720 loan representative credit score
- 2-Unit Properties:
  - Maximum 85% LTV/CLTV to \$533,850
    - Minimum 720 loan representative credit score
- Manufactured Homes:
  - 85% LTV/CLTV to \$417,000
    - Minimum 680 loan representative credit score
- Co-ops:
  - 85% LTV/CLTV to \$417,000
    - Minimum 720 loan representative credit score
- CMG MI will **not** insure:
  - Condominiums, 1-unit single family attached, co-ops, and 2-units in Florida
  - Third Party Originations
  - Second Homes
  - Nontraditional Credit
  - Loan Representative Credit Score of Less Than 620
  - 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

**NOTE:** CMG MI will consider insuring a new EZ Refi without implementing the CMG MI Distressed Markets Policy if the loan refinanced is currently insured with CMG MI, providing the refinance improves the borrower's and CMG MI's position. The new EZ Refi loan must be submitted to the CMG MI Underwriting Network for review and approval. Please refer to our EZ Refi policy at [www.cmgni.com](http://www.cmgni.com) for additional information.

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 if the property is subject to CMG MI's Distressed Markets Policy, access the CMG MI [ZipMap](http://www.cmgni.com/map) at [www.cmgni.com/map](http://www.cmgni.com/map) and enter the property's zip code.