

**CMG MI  
Program Guideline  
Updates**

***Effective Dates:***

***February 17, 2009 & March 6, 2009***

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Introduction</b>			<b>The CMG MI Conforming and Non-Conforming Program is designed for borrowers with a minimum loan representative credit score of 620 with conforming or non-conforming loan amounts.</b>
<b>Territorial Underwriting Guidelines</b>	<ul style="list-style-type: none"> <li>• <b>Until the Department of Insurance (DOI) in the following states approve the rate filing for the rates effective 12/15/08, there is a minimum loan representative score requirement in addition to the nationwide underwriting requirements.</b> <ul style="list-style-type: none"> <li>◦ <b>Washington and Puerto Rico</b> <ul style="list-style-type: none"> <li>- <b>Minimum 700 loan representative credit score</b></li> </ul> </li> <li>◦ <b>New York</b> <ul style="list-style-type: none"> <li>- <b>The borrower's credit characteristics must be comparable to a 700 credit score</b></li> </ul> </li> </ul> </li> <li>• <b>The territorial minimum loan representative credit score requirement will no longer apply after the respective state's DOI has approved the rate filing. Please visit <a href="http://www.cmgmi.com/rates">www.cmgmi.com/rates</a> for updated rate sheets and rate filing state status.</b></li> </ul>		
<b>Automated Approvals</b>	<b>The loan must meet CMG Mortgage Insurance Company's ("CMG MI") Conforming and Non-Conforming Program Guidelines, regardless of all Fannie Mae's Desktop Underwriter® ("DU") and Freddie Mac's Loan Prospector® ("LP") recommendations.</b>		All Fannie Mae's Desktop Underwriter® ("DU") and Freddie Mac's Loan Prospector® ("LP") recommendations must meet CMG Mortgage Insurance Company's ("CMG MI") Conforming and Non-Conforming Program Guidelines.
<b>LTV/Loan Amount</b>	<ul style="list-style-type: none"> <li>• <b>Owner-Occupied</b> <ul style="list-style-type: none"> <li>◦ 95% LTV to \$650,000</li> <li>◦ 90% LTV to \$750,000</li> <li>◦ 85% LTV to \$850,000</li> </ul> </li> <li>• <b>Second Home</b> <ul style="list-style-type: none"> <li>◦ 95% LTV to \$550,000                             <ul style="list-style-type: none"> <li>- <b>Minimum 720 loan representative credit score</b></li> </ul> </li> <li>◦ 90% LTV to \$600,000                             <ul style="list-style-type: none"> <li>- <b>Minimum 680 loan representative credit score</b></li> </ul> </li> </ul> </li> <li>• <b>Ineligible: Investment Property</b></li> </ul>	<p><u><b>Loan Amounts up to \$417,000</b></u></p> <ul style="list-style-type: none"> <li>• <b>Owner-Occupied</b> <ul style="list-style-type: none"> <li>◦ <b>95% LTV to \$417,000</b> <ul style="list-style-type: none"> <li>- <b>Minimum 620 loan representative credit score</b></li> </ul> </li> </ul> </li> <li>• <b>Second Home</b> <ul style="list-style-type: none"> <li>◦ <b>90% LTV to \$417,000</b> <ul style="list-style-type: none"> <li>- <b>Minimum 720 loan representative credit score</b></li> </ul> </li> </ul> </li> <li>• <b>Ineligible: Investment Property</b></li> </ul> <p><u><b>Loan Amounts &gt; \$417,000</b></u></p> <ul style="list-style-type: none"> <li>• <b>Owner-Occupied</b> <ul style="list-style-type: none"> <li>◦ <b>95% LTV to \$625,500</b> <ul style="list-style-type: none"> <li>- <b>Minimum 680 loan representative score</b></li> </ul> </li> <li>◦ <b>90% LTV to \$729,750</b> <ul style="list-style-type: none"> <li>- <b>Minimum 720 loan representative score</b></li> </ul> </li> </ul> </li> <li>• <b>Ineligible: Second Home and Investment Property</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Owner-Occupied</b> <ul style="list-style-type: none"> <li>◦ <b>97% LTV to \$600,000</b> <ul style="list-style-type: none"> <li>- <b>Minimum 680 loan representative credit score</b></li> </ul> </li> <li>◦ 95% LTV to \$650,000</li> <li>◦ 90% LTV to \$750,000</li> <li>◦ 85% LTV to \$850,000</li> </ul> </li> <li>• <b>Second Home</b> <ul style="list-style-type: none"> <li>◦ 95% LTV to \$550,000                             <ul style="list-style-type: none"> <li>- <b>Minimum 720 loan representative credit score</b></li> </ul> </li> <li>◦ 90% LTV to \$600,000                             <ul style="list-style-type: none"> <li>- <b>Minimum 680 loan representative credit score</b></li> </ul> </li> </ul> </li> <li>• <b>Investment Property</b> <ul style="list-style-type: none"> <li>◦ 85% LTV to \$533,850                             <ul style="list-style-type: none"> <li>- <b>Minimum 720 loan representative credit score</b></li> </ul> </li> </ul> </li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<b>Guideline Topic</b>	<b>New Guidelines - Effective February 17, 2009</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Loan Type</b>	<ul style="list-style-type: none"> <li>• Maximum 40 year amortization term</li> <li>• Fixed rate, fixed payment, fully amortized over term</li> <li>• Adjustable Rate Mortgage                             <ul style="list-style-type: none"> <li>◦ Positively Amortizing ARM</li> <li>◦ Short Term ARM (3 years or less fixed period)</li> <li>◦ Hybrid ARM (i.e. 5/1, 7/1, 10/1)</li> <li>◦ Annual caps not to exceed 2% and lifetime cap not to exceed 6%</li> </ul> </li> <li>• Balloons                             <ul style="list-style-type: none"> <li>◦ <b>Owner-Occupied/Second Home: Term ≥ 5 years</b></li> </ul> </li> <li>• Ineligible: Potential Negative Amortization, Scheduled Negative Amortization, Option Payment Mortgages, and <b>Interest Only</b></li> </ul>		<ul style="list-style-type: none"> <li>• Maximum 40 year amortization term</li> <li>• Fixed rate, fixed payment, fully amortized over term</li> <li>• Adjustable Rate Mortgage                             <ul style="list-style-type: none"> <li>◦ Positively Amortizing ARM</li> <li>◦ Short Term ARM (3 years or less fixed period)</li> <li>◦ Hybrid ARM (i.e. 5/1, 7/1, 10/1)</li> <li>◦ Annual caps not to exceed 2% and lifetime cap not to exceed 6%</li> </ul> </li> <li>• Balloons                             <ul style="list-style-type: none"> <li>◦ Owner-Occupied: Term ≥ 3 years</li> <li>◦ Second Home/<b>Investment Property</b>: Term ≥ 5 years</li> <li>◦ <b>Ineligible: Interest Only</b></li> </ul> </li> <li>• Ineligible: Potential Negative Amortization, Scheduled Negative Amortization, and Option Payment Mortgages</li> </ul>
<b>Interest Only</b>	<b>Ineligible</b>		<ul style="list-style-type: none"> <li>• Maximum 95% LTV</li> <li>• Minimum 680 loan representative credit score</li> <li>• Fixed rate and ARMs with a fixed period of ≥ 5 years</li> <li>• Interest only period must be a maximum of 15 years</li> <li>• 1-2 units only</li> <li>• Ineligible: Manufactured Homes, 3-4 units, Investment Properties, Balloon Mortgages, Temporary Buydowns, and Cash-Out Refinances</li> </ul>
<b>Temporary/Permanent Buydowns</b>	<ul style="list-style-type: none"> <li>• Owner-Occupied Only</li> <li>• 2,1 buydown allowed on Fixed Rate Mortgages (FRMs) and ≥ 3/1 ARMs</li> <li>• 3,2,1 buydown allowed on FRMs and ≥ 5/1 ARMs</li> <li>• 1,0 buydown allowed on 1-yr ARMs</li> <li>• Financed Permanent Buydowns are permitted; qualifying LTV will be based on the gross loan amount (including buydown funds)</li> <li>• Ineligible: Cash-Out Refinances, Second Homes, Investment Properties, and Interest Only</li> </ul>		<ul style="list-style-type: none"> <li>• Owner-Occupied Only</li> <li>• 2,1 buydown allowed on Fixed Rate Mortgages (FRMs) and ≥ 3/1 ARMs <b>to 95% LTV</b></li> <li>• 3,2,1 buydown allowed on FRMs and ≥ 5/1 ARMs <b>to 95% LTV</b></li> <li>• 1,0 buydown allowed on 1-yr ARMs to 95% LTV</li> <li>• Financed Permanent Buydowns are permitted; qualifying LTV will be based on the gross loan amount (including buydown funds)</li> <li>• Ineligible: Cash-Out Refinances, Second Homes, Investment Properties, and Interest Only</li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Subordinate Financing</b>	<ul style="list-style-type: none"> <li>• Maximum CLTV cannot exceed published maximum LTV stated within the CMG MI Conforming and Non-Conforming Program Guidelines (see LTV/Loan Amount)</li> <li>• Only the first mortgage will be insured by CMG MI</li> <li>• Rate/Term Refinance Loans - subordinate loan to be repaid or subordinated to the new rate/term refinance mortgage and must be seasoned at least 12 months</li> <li>• Second Home - new subordinate lien must be fully amortized</li> <li>• <b>Ineligible: Investment Property</b></li> </ul>		<ul style="list-style-type: none"> <li>• Maximum CLTV cannot exceed published maximum LTV stated within the CMG MI Conforming and Non-Conforming Program Guidelines (see LTV/Loan Amount)</li> <li>• Only the first mortgage will be insured by CMG MI</li> <li>• Rate/Term Refinance Loans - subordinate loan to be repaid or subordinated to the new rate/term refinance mortgage and must be seasoned at least 12 months</li> <li>• Second Home/Investment Property - new subordinate lien must be fully amortized</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>• Purchase                             <ul style="list-style-type: none"> <li>◦ Relocation Documentation &amp; Eligibility                                     <ul style="list-style-type: none"> <li>- Not eligible for delivery via the CMG MI delegated channel. Must be submitted to the CMG MI Underwriting Network for review   <ul style="list-style-type: none"> <li>-- Copy of relocation agreement or detail of relocating company's standard relocation "package"</li> </ul> </li> </ul> </li> </ul> </li> <li>• Rate/Term Refinance                             <ul style="list-style-type: none"> <li>- Pay off an existing first lien, including reasonable and customary closing costs                                     <ul style="list-style-type: none"> <li>-- <b>If the property was acquired within the last 12 months, the loan-to-value ratio will be determined using the <u>lesser</u> of the purchase price plus value of documented improvements or the current appraised value</b></li> </ul> </li> <li>- Pay off of a subordinate lien that is seasoned at least 12 months                                     <ul style="list-style-type: none"> <li>-- <b>If seasoning is less than 12 months, documentation is required to verify subordinate lien was used in its <u>entirety</u> to purchase the property</b></li> <li>- <b>If a subordinate lien has been seasoned for at least 12 months and it is a home equity line of credit, verification must be obtained that there have not been total draws within the past 12 months in excess of \$2,000</b></li> </ul> </li> <li>- Maximum cash back to the borrower not to exceed 2% of the loan amount or \$2,000, whichever is less</li> </ul> </li> <li>• <b>Ineligible:</b> <ul style="list-style-type: none"> <li>- <b>Cash Out Refinance</b></li> <li>- <b>Existing first lien was refinanced within the last 12 months as a cash out transaction</b></li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Purchase                             <ul style="list-style-type: none"> <li>◦ Relocation Documentation &amp; Eligibility                                     <ul style="list-style-type: none"> <li>- Not eligible for delivery via the CMG MI delegated channel. Must be submitted to the CMG MI Underwriting Network for review   <ul style="list-style-type: none"> <li>-- Copy of relocation agreement or detail of relocating company's standard relocation "package"</li> </ul> </li> </ul> </li> <li>• 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                             <ul style="list-style-type: none"> <li>◦ <b>Second Homes</b> <ul style="list-style-type: none"> <li>- <b>No Cash-Out or secondary financing in prior 12 months for 95% LTV</b></li> </ul> </li> </ul> </li> <li>• 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 junior 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                             <ul style="list-style-type: none"> <li>◦ Owner-Occupied                                     <ul style="list-style-type: none"> <li>- Maximum 95% LTV to \$417,000   <ul style="list-style-type: none"> <li>-- Minimum 720 loan representative credit score</li> <li>-- Maximum \$25,000 cash back to borrower at close</li> </ul> </li> <li>- Maximum 90% LTV to \$500,000   <ul style="list-style-type: none"> <li>-- Minimum 660 loan representative credit score</li> <li>-- Maximum \$50,000 cash back to borrower at close</li> </ul> </li> </ul> </li> </ul> </li> <li>• Ineligible: Second Home and Investment Property</li> </ul> </li></ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<b>Guideline Topic</b>	<b>New Guidelines - Effective February 17, 2009</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. Citizens</li> <li>• Inter Vivos Revocable Trusts</li> <li>• Permanent Resident Aliens (the right to live and work in the US permanently)</li> <li>• Non-permanent Resident Aliens (the right to live and work in the US temporarily) are eligible for:                             <ul style="list-style-type: none"> <li>◦ Purchase and Rate/Term Refinance</li> <li>◦ Owner-Occupied only</li> <li>◦ Evidence of Occupancy status is validated by one of the following required INS documents:                                     <ul style="list-style-type: none"> <li>- Unexpired foreign passport containing INS form I-94 stamped with "Employment Authorized"</li> <li>- Temporary Resident Card form I-688</li> <li>- Employment Authorization Card form I-688 A or O containing the applicant's photograph</li> </ul> </li> <li>◦ 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:                                     <ul style="list-style-type: none"> <li>◦ Borrower must have established a 2-year history of residency, employment and credit within the US</li> <li>◦ VISA status must provide a remaining duration of at least three years</li> <li>◦ Heavy emphasis will be placed on employment and likelihood of continuation</li> <li>◦ Assets for down payment, closing costs and reserves should be verified on deposit in a US financial institution for at least 6 months</li> </ul> </li> </ul> </li> <li>• Non-occupant co-borrowers are allowed only for:                             <ul style="list-style-type: none"> <li>◦ Owner-Occupied</li> <li>◦ 1-unit property if non-conforming loan amount</li> <li>◦ Owner-occupant borrower must qualify on their own</li> </ul> </li> <li>• 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.</li> <li>• Ineligible: Non-Resident Aliens, Partnerships, Corporations, Syndications, Trusts (other than Inter Vivos Revocable Trusts), and Foreign Nationals</li> </ul>		<ul style="list-style-type: none"> <li>• U.S. Citizens</li> <li>• Inter Vivos Revocable Trusts</li> <li>• Permanent Resident Aliens (the right to live and work in the US permanently)</li> <li>• Non-permanent Resident Aliens (the right to live and work in the US temporarily) are eligible for:                             <ul style="list-style-type: none"> <li>◦ Purchase and Rate/Term Refinance</li> <li>◦ Owner-Occupied only</li> <li>◦ Evidence of Occupancy status is validated by one of the following required INS documents:                                     <ul style="list-style-type: none"> <li>- Unexpired foreign passport containing INS form I-94 stamped with "Employment Authorized"</li> <li>- Temporary Resident Card form I-688</li> <li>- Employment Authorization Card form I-688 A or O containing the applicant's photograph</li> </ul> </li> <li>◦ 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:                                     <ul style="list-style-type: none"> <li>◦ Borrower must have established a 2-year history of residency, employment and credit within the US</li> <li>◦ VISA status must provide a remaining duration of at least three years</li> <li>◦ Heavy emphasis will be placed on employment and likelihood of continuation</li> <li>◦ Assets for down payment, closing costs and reserves should be verified on deposit in a US financial institution for at least 6 months</li> </ul> </li> </ul> </li> <li>• Non-occupant co-borrowers are allowed only for:                             <ul style="list-style-type: none"> <li>◦ <b>Maximum 95% LTV</b></li> <li>◦ Owner-Occupied</li> <li>◦ 1-unit property if non-conforming loan amount</li> <li>◦ Owner-occupant borrower must qualify on their own</li> </ul> </li> <li>• 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.</li> <li>• Ineligible: Non-Resident Aliens, Partnerships, Corporations, Syndications, Trusts (other than Inter Vivos Revocable Trusts), and Foreign Nationals</li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Credit History</b>	<ul style="list-style-type: none"> <li>• Minimum of one credit score is required, regardless of DU or LP recommendations</li> <li>• The loan representative credit score will be determined using the lower/middle method; the lowest borrower score will be used</li> <li>• Judgments, liens, collections, voluntary or involuntary repossessions and charge-offs must all be paid in full at the time of loan closing</li> <li>• 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</li> <li>• Minimum 4 years' re-established traditional credit after discharge of bankruptcy for borrowers who have had one bankruptcy; 2 years with extenuating circumstances</li> <li>• 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.</li> <li>• 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 <a href="http://www.efanniema.com">www.efanniema.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a> or via AllRegs®</li> <li>• 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</li> <li>• Comparable Credit Criteria (available at <a href="http://www.cmgmi.com">www.cmgmi.com</a>) may be used in lieu of credit score to determine eligibility only if one of the following conditions apply:                         <ul style="list-style-type: none"> <li>o Property is located in a state where pricing cannot be based on credit score</li> <li>o The credit score is unusable due to invalid credit information found on the report</li> <li>o Lack of sufficient credit information</li> </ul> </li> </ul> <p>Loans using the Comparable Credit Criteria must be submitted to the CMG MI Underwriting Network for review.</p>		<ul style="list-style-type: none"> <li>• Minimum of one credit score is required <b>with a minimum loan representative credit score of 620</b>, regardless of DU or LP recommendations</li> <li>• The loan representative credit score will be determined using the lower/middle method; the lowest borrower score will be used</li> <li>• Judgments, Liens, Collections, Voluntary or Involuntary Repossessions and Charge-offs must all be paid in full at the time of loan closing</li> <li>• 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</li> <li>• Minimum 4 years re-established traditional credit after discharge of bankruptcy for borrowers who have had one bankruptcy; 2 years with extenuating circumstances</li> <li>• 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.</li> <li>• 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 <a href="http://www.efanniema.com">www.efanniema.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a> or via AllRegs®</li> <li>• 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</li> <li>• Comparable Credit Criteria (available at <a href="http://www.cmgmi.com">www.cmgmi.com</a>) may be used in lieu of credit score to determine eligibility only if one of the following conditions apply:                         <ul style="list-style-type: none"> <li>o Property is located in a state where pricing cannot be based on credit score</li> <li>o The credit score is unusable due to invalid credit information found on the report</li> <li>o Lack of sufficient credit information</li> </ul> </li> </ul> <p>Loans using the Comparable Credit Criteria must be submitted to the CMG MI Underwriting Network for review.</p>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Nontraditional Credit</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• For pricing purposes, nontraditional credit will be treated as comparable to a 620 loan representative credit score.</li> <li>• 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.</li> <li>• In an instance where a nontraditional credit history is to be developed, the following conditions must be reported on the borrower's credit report:               <ul style="list-style-type: none"> <li>◦ The borrower has no FICO score due to no credit record with a repository; or</li> <li>◦ 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.</li> </ul> </li> </ul> <p>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.</p>		<ul style="list-style-type: none"> <li>• 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.</li> <li>• <b>Maximum 95% LTV</b></li> <li>• For pricing purposes, nontraditional credit will be treated as comparable to a 620 loan representative credit score.</li> <li>• 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.</li> <li>• In an instance where a nontraditional credit history is to be developed, the following conditions must be reported on the borrower's credit report:               <ul style="list-style-type: none"> <li>◦ The borrower has no FICO score due to no credit record with a repository; or</li> <li>◦ 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.</li> </ul> </li> </ul> <p>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.</p>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<b>Guideline Topic</b>	<b>New Guidelines - Effective February 17, 2009</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Nontraditional Credit (cont'd)</b>	<ul style="list-style-type: none"> <li>• 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"> <li>o Rent/mortgage payments (current and previous residences)</li> <li>o Utility payments (gas, electricity, water, trash collection)</li> <li>o Telephone bills</li> <li>o Telephone cable service</li> <li>o Auto/life/renter's insurance premiums</li> <li>o Child care payments</li> <li>o Alimony or child support</li> <li>o Retail store payments (department, furniture, appliance)</li> <li>o School tuition</li> <li>o Medical bills paid in installments</li> <li>o Non-credit payment accounts</li> </ul> </li> <li>• Maximum 1x30 late rent payment in the last 24 months</li> <li>• Maximum 1x60 late payment for installment or revolving accounts in the last 12 months</li> </ul>		<ul style="list-style-type: none"> <li>• 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"> <li>o Rent/mortgage payments (current and previous residences)</li> <li>o Utility payments (gas, electricity, water, trash collection)</li> <li>o Telephone bills</li> <li>o Telephone cable service</li> <li>o Auto/life/renter's insurance premiums</li> <li>o Child care payments</li> <li>o Alimony or child support</li> <li>o Retail store payments (department, furniture, appliance)</li> <li>o School tuition</li> <li>o Medical bills paid in installments</li> <li>o Non-credit payment accounts</li> </ul> </li> <li>• Maximum 1x30 late rent payment in the last 24 months</li> <li>• Maximum 1x60 late payment for installment or revolving accounts in the last 12 months</li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Debt Ratios</b>	<ul style="list-style-type: none"> <li>• <b>Owner Occupied</b> <ul style="list-style-type: none"> <li>◦ <b>Maximum 45%, regardless of DU or LP recommendations</b></li> </ul> </li> <li>• <b>Second Home</b> <ul style="list-style-type: none"> <li>◦ <b>Maximum 41%, regardless of DU or LP recommendations</b></li> </ul> </li> </ul> <p><b>NOTE: Loans that exceed the above debt-to-income ratio criteria, not to be greater than 50% for owner-occupied and 45% for second homes, may be submitted to the CMG MI Underwriting Network for <u>consideration</u> with multiple compensating factors. The below is a list of some compensating factors that may be considered.</b></p> <ul style="list-style-type: none"> <li>◦ <b>Any compensating factors used should be completely documented in the file</b></li> <li>◦ <b>The borrower has an excellent credit history, represented by a 720 or better credit score based on multiple high credit line accounts from major creditors</b></li> <li>◦ <b>The borrower demonstrates the ability to maintain a good credit history, accumulate savings, and maintain a debt-free position</b></li> <li>◦ <b>The borrower has demonstrated the ability to devote a greater portion of income to housing expense as evidenced by the borrower's current housing and total debt ratios</b></li> <li>◦ <b>The residual income is equal to or greater than the PITI for the subject property</b></li> <li>◦ <b>There is less than a ten-point spread between the new housing debt ratio and the total debt ratio</b></li> <li>◦ <b>The new mortgage payment does not exceed 110% of the prior/existing mortgage or rental payment</b></li> <li>◦ <b>The borrower has excellent liquid assets, represented by CDs, savings accounts, checking accounts, stocks and bonds (not retirement accounts) that are equal to at least 12 months' PITI</b></li> <li>◦ <b>The borrower has additional short-term income (such as Social Security income, alimony, child support, note receivables, mortgage differential payments, trust income, VA benefits) that could not be counted as "stable" income because the income stream will not continue for at least three years beyond the date of the loan application</b></li> <li>◦ <b>The borrower has significant equity in other real estate owned, generally 30% or higher</b></li> <li>◦ <b>The borrower has a potential for increased earnings</b></li> <li>◦ <b>Energy efficient dwelling</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Owner Occupied/Second Homes</b> <ul style="list-style-type: none"> <li>◦ <b>Maximum 45% for LTVs greater than 95%, regardless of DU or LP recommendations</b></li> <li>◦ <b>Maximum 50% for LTVs less than or equal to 95%, regardless of DU or LP recommendations</b></li> </ul> </li> <li>• <b>Investment Properties</b> <ul style="list-style-type: none"> <li>◦ <b>Maximum 45%, regardless of DU or LP recommendations</b></li> </ul> </li> </ul> <p><b>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.</b></p>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Minimum Down Payment</b>	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> <li>• LTV ≤ 95%                             <ul style="list-style-type: none"> <li>◦ Owner-Occupied                                     <ul style="list-style-type: none"> <li>-- Loan representative credit score ≥ 660, minimum 3% own funds</li> <li>-- Loan representative credit score 620-659, minimum 5% own funds</li> </ul> </li> <li>◦ Second Homes                                     <ul style="list-style-type: none"> <li>-- Minimum 5% own funds</li> </ul> </li> </ul> </li> <li>• Additional funds for down payment, closing costs, and prepaid escrow may be from any of the following sources:                             <ul style="list-style-type: none"> <li>◦ Gift, grant, or down payment assistance from a family member not related to the transaction, a nonprofit charitable organization (non-Nehemiah), government agency, or borrower's employer</li> <li>◦ Unsecured installment loans may only be from an extended family member who is not a party to the transaction (maximum 2% of purchase price)</li> <li>◦ Non-real estate secured loan; terms of the note must be verified and should reflect the borrower's assets used as security (maximum 2% of purchase price)</li> <li>◦ Subordinate financing with grant-like features</li> </ul> </li> <li>• Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac</li> </ul>	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> <li>• <b>Owner-Occupied</b> <ul style="list-style-type: none"> <li>◦ <b>Loan Amount up to \$417,000</b> <ul style="list-style-type: none"> <li>- <b>Loan representative credit score ≥ 680, minimum 3% of own funds</b></li> <li>- <b>Loan representative credit score 620-679, minimum 5% of own funds</b></li> </ul> </li> <li>◦ <b>Loan Amount &gt; \$417,000</b> <ul style="list-style-type: none"> <li>- <b>Minimum 5% of own funds</b></li> </ul> </li> </ul> </li> <li>• Second Home                             <ul style="list-style-type: none"> <li>◦ Minimum <b>10%</b> own funds</li> </ul> </li> <li>• Additional funds for down payment, closing costs, and prepaid escrow may be from any of the following sources:                             <ul style="list-style-type: none"> <li>◦ Gift, grant, or down payment assistance from a family member not related to the transaction, a nonprofit charitable organization (non-Nehemiah), government agency, or borrower's employer</li> <li>◦ Unsecured installment loans may only be from an extended family member who is not a party to the transaction (maximum 2% of purchase price)</li> <li>◦ Non-real estate secured loan; terms of the note must be verified and should reflect the borrower's assets used as security (maximum 2% of purchase price)</li> <li>◦ Subordinate financing with grant-like features</li> </ul> </li> <li>• Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac</li> </ul>	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> <li>• <b>LTV &gt; 95% - 97%</b> <ul style="list-style-type: none"> <li>◦ <b>Minimum 3% own funds</b></li> </ul> </li> <li>• LTV ≤ 95%                             <ul style="list-style-type: none"> <li>◦ Owner-Occupied                                     <ul style="list-style-type: none"> <li>-- Loan representative credit score ≥ 660, minimum 3% own funds</li> <li>-- Loan representative credit score 620-659, minimum 5% own funds</li> </ul> </li> <li>◦ Second Homes                                     <ul style="list-style-type: none"> <li>-- Minimum 5% own funds</li> </ul> </li> </ul> </li> <li>• <b>Investment Properties</b> <ul style="list-style-type: none"> <li>-- <b>Minimum 10% own funds</b></li> </ul> </li> <li>• Additional funds for down payment, closing costs, and prepaid escrow may be from any of the following sources:                             <ul style="list-style-type: none"> <li>◦ Gift, grant, or down payment assistance from a family member not related to the transaction, a nonprofit charitable organization (non-Nehemiah), government agency, or borrower's employer</li> <li>◦ Unsecured installment loans may only be from an extended family member who is not a party to the transaction (maximum 2% of purchase price)</li> <li>◦ Non-real estate secured loan; terms of the note must be verified and should reflect the borrower's assets used as security (maximum 2% of purchase price)</li> <li>◦ Subordinate financing with grant-like features</li> </ul> </li> <li>• Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac</li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Cash Reserves</b>	<ul style="list-style-type: none"> <li>• Reserves cannot be proceeds from subject mortgage</li> <li>• Single Property                             <ul style="list-style-type: none"> <li>◦ Owner Occupied/Second Home                                     <ul style="list-style-type: none"> <li>- Minimum 2 months' PITI</li> </ul> </li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Reserves cannot be proceeds from subject mortgage</li> <li>• Single Property                             <ul style="list-style-type: none"> <li>◦ Owner Occupied/Second Homes                                     <ul style="list-style-type: none"> <li>- Minimum 2 months' PITI</li> </ul> </li> <li>◦ <b>Investment Properties</b> <ul style="list-style-type: none"> <li>- <b>Minimum 6 months' PITI</b></li> </ul> </li> </ul> </li> </ul>
	<p>Multiple Properties</p> <ul style="list-style-type: none"> <li>• 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"> <li>◦ Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction.</li> <li>◦ Minimum 6 months of PITI for both properties</li> <li>◦ No cash-out refinance in the past 6 months</li> </ul> </li> <li>• Primary Home Converts to a Second Home                             <ul style="list-style-type: none"> <li>◦ Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and                                     <ul style="list-style-type: none"> <li>◦ Minimum 6 months of PITI for both properties; or</li> <li>◦ Minimum 2 months of PITI for both properties:   <ul style="list-style-type: none"> <li>- 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).</li> </ul> </li> </ul> </li> </ul> </li> </ul>		<p>Multiple Properties</p> <ul style="list-style-type: none"> <li>• 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"> <li>◦ Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction.</li> <li>◦ Minimum 6 months of PITI for both properties</li> <li>◦ No cash-out refinance in the past 6 months</li> </ul> </li> <li>• Primary Home Converts to a Second Home                             <ul style="list-style-type: none"> <li>◦ Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and                                     <ul style="list-style-type: none"> <li>◦ Minimum 6 months of PITI for both properties; or</li> <li>◦ Minimum 2 months of PITI for both properties:   <ul style="list-style-type: none"> <li>- 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).</li> </ul> </li> </ul> </li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Primary Home Converts to an Investment Property                             <ul style="list-style-type: none"> <li>◦ 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"> <li>- Up to 75% of the rental income to be used to offset the mortgage payment in qualifying.</li> </ul> </li> <li>◦ Rental income documentation:                                     <ul style="list-style-type: none"> <li>- Copy of the fully executed lease agreement; and</li> <li>- Receipt of a security deposit from the tenant and deposit into the borrower's account.</li> </ul> </li> <li>◦ 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"> <li>- Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and</li> <li>- Minimum 6 months of PITI for both properties is required to be in reserves.</li> </ul> </li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Primary Home Converts to an Investment Property                             <ul style="list-style-type: none"> <li>◦ 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"> <li>- Up to 75% of the rental income to be used to offset the mortgage payment in qualifying.</li> </ul> </li> <li>◦ Rental income documentation:                                     <ul style="list-style-type: none"> <li>- Copy of the fully executed lease agreement; and</li> <li>- Receipt of a security deposit from the tenant and deposit into the borrower's account.</li> </ul> </li> <li>◦ 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"> <li>- Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and</li> <li>- Minimum 6 months of PITI for both properties is required to be in reserves.</li> </ul> </li> </ul> </li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<b>Guideline Topic</b>	<b>New Guidelines - Effective February 17, 2009</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Maximum Interested Party/Seller Contributions &amp; Concessions</b>	<ul style="list-style-type: none"> <li>• Owner-Occupied                             <ul style="list-style-type: none"> <li>◦ Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – <b>95%</b></li> <li>◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs up to 90%</li> </ul> </li> <li>• Second Home                             <ul style="list-style-type: none"> <li>◦ Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – 95%</li> <li>◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs up to 90%</li> </ul> </li> <li>• Ineligible: Cash-Out Refinances and <b>Investment Properties</b></li> </ul>	<ul style="list-style-type: none"> <li>• Owner-Occupied                             <ul style="list-style-type: none"> <li>◦ Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – 95%</li> <li>◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs up to 90%</li> </ul> </li> <li>• Second Home                             <ul style="list-style-type: none"> <li>◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value</li> </ul> </li> <li>• Ineligible: Cash-Out Refinances and Investment Properties</li> </ul>	<ul style="list-style-type: none"> <li>• Owner-Occupied                             <ul style="list-style-type: none"> <li>◦ Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – 97%</li> <li>◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs up to 90%</li> </ul> </li> <li>• Second Home                             <ul style="list-style-type: none"> <li>◦ <b>Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – 95%</b></li> <li>◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs <b>up to 90%</b></li> </ul> </li> <li>• <b>Investment Property</b> <ul style="list-style-type: none"> <li>◦ <b>Maximum 2% not to exceed the lesser of the property's sales price or appraised value</b></li> </ul> </li> <li>• Ineligible: <b>Loans with LTVs &gt; 97%</b>, Cash-Out Refinances</li> </ul>
<b>Eligible Properties</b>	<ul style="list-style-type: none"> <li>Owner-Occupied</li> <li>• 1-unit single-family attached or detached</li> <li>• 2-units                             <ul style="list-style-type: none"> <li>◦ Maximum 95% LTV</li> <li>◦ Minimum 680 loan representative credit score</li> </ul> </li> <li>• Condominiums must be Fannie Mae/Freddie Mac warrantable</li> <li>• Manufactured homes                             <ul style="list-style-type: none"> <li>◦ Maximum 95% LTV to \$417,000                                     <ul style="list-style-type: none"> <li>- Minimum 680 loan representative credit score</li> </ul> </li> <li>◦ Maximum 90% LTV to \$417,000</li> <li>◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at <a href="http://www.efanniemae.com">www.efanniemae.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a>, or via AllRegs®</li> </ul> </li> <li>• Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state                             <ul style="list-style-type: none"> <li>◦ Maximum 90% LTV to \$650,000                                     <ul style="list-style-type: none"> <li>- Minimum 720 loan representative credit score</li> </ul> </li> </ul> </li> <li>• Ineligible: 3-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>	<ul style="list-style-type: none"> <li>Owner-Occupied</li> <li>• 1-unit single-family attached or detached</li> <li>• 2-units                             <ul style="list-style-type: none"> <li>◦ Maximum <b>90% LTV to \$533,850</b></li> <li>◦ Minimum 680 loan representative credit score</li> </ul> </li> <li>• Condominiums                             <ul style="list-style-type: none"> <li>◦ <b>Maximum 95% LTV to \$417,000</b></li> <li>◦ <b>Minimum 620 loan representative credit score</b></li> <li>◦ <b>Maximum 90% LTV to \$625,500</b></li> <li>◦ <b>Minimum 720 loan representative credit score</b></li> <li>◦ Must be Fannie Mae/Freddie Mac warrantable</li> </ul> </li> <li>• Manufactured homes                             <ul style="list-style-type: none"> <li>◦ Maximum 90% LTV to \$417,000                                     <ul style="list-style-type: none"> <li>- <b>Minimum 680 loan representative credit score</b></li> </ul> </li> <li>◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at <a href="http://www.efanniemae.com">www.efanniemae.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a>, or via AllRegs®</li> </ul> </li> <li>• Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state                             <ul style="list-style-type: none"> <li>◦ Maximum 90% LTV <b>to \$417,000</b></li> <li>◦ <b>Minimum 720 loan representative credit score</b></li> </ul> </li> <li>• Ineligible: 3-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>	<ul style="list-style-type: none"> <li>Owner-Occupied</li> <li>• 1-unit single-family attached or detached</li> <li>• 2-units                             <ul style="list-style-type: none"> <li>◦ Maximum 95% LTV</li> <li>◦ Minimum 680 loan representative credit score</li> </ul> </li> <li>• Condominiums must be Fannie Mae/Freddie Mac warrantable</li> <li>• Manufactured homes                             <ul style="list-style-type: none"> <li>◦ Maximum 95% LTV to \$417,000                                     <ul style="list-style-type: none"> <li>- Minimum 680 loan representative credit score</li> </ul> </li> <li>◦ Maximum 90% LTV to \$417,000</li> <li>◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at <a href="http://www.efanniemae.com">www.efanniemae.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a>, or via AllRegs®</li> </ul> </li> <li>• Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state                             <ul style="list-style-type: none"> <li>◦ Maximum 90% LTV to \$650,000                                     <ul style="list-style-type: none"> <li>- Minimum 720 loan representative credit score</li> </ul> </li> </ul> </li> <li>• Ineligible: 3-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<b>Guideline Topic</b>	<b>New Guidelines - Effective February 17, 2009</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Eligible Properties (cont'd)</b>	<p>Second Home</p> <ul style="list-style-type: none"> <li>• 1-unit single-family attached or detached</li> <li>• Condominiums must be Fannie Mae/Freddie Mac warrantable</li> <li>• Manufactured homes                             <ul style="list-style-type: none"> <li>◦ Maximum 90% LTV to \$417,000</li> <li>◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at <a href="http://www.efanniemae.com">www.efanniemae.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a>, or via AllRegs®</li> </ul> </li> <li>• Ineligible: Co-ops, 2-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>	<p>Second Home</p> <ul style="list-style-type: none"> <li>• 1-unit single-family attached or detached</li> <li>• Condominiums                             <ul style="list-style-type: none"> <li>◦ <b>Maximum 90% LTV to \$417,000</b></li> <li>◦ <b>Minimum 720 loan representative credit score</b></li> <li>◦ Must be Fannie Mae/Freddie Mac warrantable</li> </ul> </li> <li>• Ineligible: Co-ops, 2-4 units, <b>manufactured homes</b>, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>	<p>Second Home</p> <ul style="list-style-type: none"> <li>• 1-unit single-family attached or detached</li> <li>• Condominiums must be Fannie Mae/Freddie Mac warrantable</li> <li>• Manufactured homes                             <ul style="list-style-type: none"> <li>◦ Maximum 90% LTV to \$417,000</li> <li>◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at <a href="http://www.efanniemae.com">www.efanniemae.com</a>, <a href="http://www.freddiemac.com">www.freddiemac.com</a>, or via AllRegs®</li> </ul> </li> <li>• Ineligible: Co-ops, 2-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>
	<p><b>Ineligible: Investment Property</b></p>		<p>Investment Property</p> <ul style="list-style-type: none"> <li>• 1-unit single-family attached or detached                             <ul style="list-style-type: none"> <li>◦ Maximum \$417,000 loan amount</li> </ul> </li> <li>• 2-units                             <ul style="list-style-type: none"> <li>◦ Minimum 740 loan representative credit score</li> </ul> </li> <li>• Condominiums must be Fannie Mae/Freddie Mac warrantable</li> <li>• If more than 4 properties are financed, then borrower must provide the following evidence:                             <ul style="list-style-type: none"> <li>◦ "Rent loss" insurance covering a minimum of 6 months' rent</li> </ul> </li> <li>• Ineligible: 3-4 units, manufactured homes, Co-ops, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes</li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Third Party Originations</b>	<ul style="list-style-type: none"> <li>• Loans for which the loan origination (taking the loan application) or processing functions are performed by an entity other than the entity closing and funding the loan. A Mortgage Service Provider (MSP) may be used to perform all of these functions except the loan origination (taking the loan application), so long as the MSP is paid on an arms'-length fee basis for services performed, with payment of fees not being contingent on mortgage approval or closing.</li> <li>• Third Party Originations are subject to the following restrictions:                             <ul style="list-style-type: none"> <li>◦ Owner-Occupied Only</li> <li>◦ Purchase Only</li> <li>◦ Maximum 90% LTV</li> <li>◦ Minimum 720 loan representative credit score</li> <li>◦ 1-unit single-family detached and condominiums                                     <ul style="list-style-type: none"> <li>- Maximum \$625,500 loan amount</li> </ul> </li> <li>◦ Manufactured homes and co-ops                                     <ul style="list-style-type: none"> <li>- Maximum \$417,000 loan amount</li> </ul> </li> </ul> </li> <li>• Ineligible: Second Homes, Investment Properties, Cash-Out Refinance, Rate/Term Refinance, 1-unit single-family attached, and 2-4 units</li> </ul>		
<b>Multiple Loans to a Borrower</b>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• Within the 3 loans to a borrower limit, CMG MI will only accept the maximum amount on the following:                             <ul style="list-style-type: none"> <li>◦ Primary Home – 1 loan maximum</li> <li>◦ Second Home – 1 loan maximum</li> <li>◦ Investment Property – 1 loan maximum <b>(currently insured with CMG MI)</b></li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• 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)</li> <li>• Within the 3 loans to a borrower limit, CMG MI will only accept the maximum amount on the following:                             <ul style="list-style-type: none"> <li>◦ Primary Home – 1 loan maximum</li> <li>◦ Second Home – 1 loan maximum</li> <li>◦ Investment Property – 1 loan maximum</li> </ul> </li> </ul>

**CMG MI Conforming & Non-Conforming Program Guidelines**

<u>Guideline Topic</u>	<u>New Guidelines - Effective February 17, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>• Appraisal requirements for all loans &gt; \$650,000, must meet one of the following:                             <ul style="list-style-type: none"> <li>◦ 2 independent interior/exterior appraisal reports with photos</li> <li>◦ 1 independent interior/exterior appraisal with photos AND a complete field review supporting appraised value</li> </ul> </li> <li>• Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniemae.com, www.freddieamac.com, or via AllRegs®                             <ul style="list-style-type: none"> <li>◦ Subject property condition must be “average” or above to be eligible for CMG MI delegated delivery.                                     <ul style="list-style-type: none"> <li>- Generally property condition must be average or above to be eligible for mortgage insurance</li> </ul> </li> <li>◦ 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.</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>• Appraisal requirements for all loans &gt; \$650,000, must meet one of the following:                             <ul style="list-style-type: none"> <li>◦ 2 independent interior/exterior appraisal reports with photos</li> <li>◦ 1 independent interior/exterior appraisal with photos AND a complete field review supporting appraised value</li> </ul> </li> <li>• Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniemae.com, www.freddieamac.com, or via AllRegs®                             <ul style="list-style-type: none"> <li>◦ Subject property condition must be “average” or above to be eligible for CMG MI delegated delivery.                                     <ul style="list-style-type: none"> <li>- Generally property condition must be average or above to be eligible for mortgage insurance</li> </ul> </li> <li>◦ 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.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• All appraisals must be in writing or electronic. Standard format is as follows:                             <ul style="list-style-type: none"> <li>◦ Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005)</li> <li>◦ Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005)</li> <li>◦ 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)</li> <li>◦ Manufactured Homes -- Manufactured Home Appraisal Report, Form 1004C/70B</li> <li>◦ 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</li> </ul> </li> <li>• The appraisal report should be prepared by a state-certified or state-licensed appraiser in accordance with Uniform Standards of Professional Appraisal Practices (USPAP).</li> </ul>		<ul style="list-style-type: none"> <li>• All appraisals must be in writing or electronic. Standard format is as follows:                             <ul style="list-style-type: none"> <li>◦ Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005)</li> <li>◦ Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005)</li> <li>◦ 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)</li> <li>◦ Manufactured Homes -- Manufactured Home Appraisal Report, Form 1004C/70B</li> <li>◦ <b>Investment Properties require:</b> <ul style="list-style-type: none"> <li>- <b>The Single-Family Comparable Rent Schedule (Fannie Mae Form 1007 and the Operating Income Statement (Fannie Mae Form 216)</b></li> </ul> </li> <li>◦ 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</li> </ul> </li> <li>• The appraisal report should be prepared by a state-certified or state-licensed appraiser in accordance with Uniform Standards of Professional Appraisal Practices (USPAP).</li> </ul>

**CMG MI A-Minus Program Guidelines**

**DISCONTINUED - EFFECTIVE FEBRUARY 17, 2009**

---

**CMG MI Construction-To-Perm Program Guidelines**

**DISCONTINUED - EFFECTIVE FEBRUARY 17, 2009**

---

<b>CMG MI Distressed Markets Policy</b>		
<b>Guideline Topic</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<p><b>The CMG MI Distressed Markets Policy will apply based on the following two Tiers:</b></p>		<p>The CMG MI Distressed Markets Policy will apply based on the following two Tiers:</p> <ul style="list-style-type: none"> <li>▪ To determine the maximum LTV/CLTV, identify the property's location (state, MSA/MSAD, or non-MSA area) <ul style="list-style-type: none"> <li>• Tier 1 – Maximum 95% LTV/CLTV</li> <li>• Tier 2 – Maximum 90% LTV/CLTV</li> </ul> </li> <li>▪ Tier 1 <ul style="list-style-type: none"> <li>• The subject property is located in a MSA/MSAD on the CMG MI Distressed Markets List; or</li> <li>• The declining property value box is checked on the appraisal report; or</li> <li>• A credit union lender's independent research reveals that the subject property is located in a declining market.</li> </ul> </li> <li>▪ Tier 2 <ul style="list-style-type: none"> <li>• The subject property is located in a MSA/MSAD on the CMG MI Distressed Markets List</li> </ul> </li> </ul>
<p><b>The CMG MI Distressed Markets Policy will apply when one of the following indicators is present:</b></p>	<p><b>1. The subject property is located in a state, MSA/MSAD, or non-MSA area on the CMG MI Distressed Markets List; or</b>  <b>2. The declining property value box is checked on the appraisal report; or</b>  <b>3. The credit union has identified the MSA/MSAD on their internal declining markets list/policy; or</b>  <b>4. The credit union's independent research shows the MSA/MSAD is declining.</b></p>	
<p><b>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:</b></p>	<ul style="list-style-type: none"> <li>• <b>Tier 1 – Maximum 95% LTV/CLTV</b> <ul style="list-style-type: none"> <li>◦ <b>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.</b></li> </ul> </li> <li>• <b>Tier 2 – Maximum 90% LTV/CLTV</b> <ul style="list-style-type: none"> <li>◦ <b>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.</b></li> </ul> </li> </ul>	

<b>CMG MI Distressed Markets Policy</b>		
<b>Guideline Topic</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Additionally, the following restrictions will apply:</b>	<b>Loan Amounts up to \$417,000</b> <ul style="list-style-type: none"> <li>• <b>Maximum 95% LTV/CLTV to \$417,000</b></li> <li style="padding-left: 20px;">- <b>Minimum 680 loan representative credit score</b></li> <li>• <b>Maximum 90% LTV/CLTV to \$417,000</b></li> <li style="padding-left: 20px;">- <b>Minimum 620 loan representative credit score</b></li> </ul> <b>Loan Amounts &gt; \$417,000</b> <ul style="list-style-type: none"> <li>• <b>Maximum 90% LTV/CLTV to \$625,500</b></li> <li style="padding-left: 20px;">- <b>Minimum 720 loan representative credit score</b></li> </ul>	LTV/Loan Amount <ul style="list-style-type: none"> <li>• Less than or equal to 90.0% to \$417,000</li> <li>• 90.01 - 95.0% to \$417,000</li> <li style="padding-left: 20px;">- Minimum 680 loan representative credit score</li> <li>• Less than or equal to 90.0% - \$417,001-\$700,000</li> <li style="padding-left: 20px;">- Minimum 720 loan representative credit score</li> <li>• 90.01 to 95.0% - \$417,001-\$600,000</li> <li style="padding-left: 20px;">- Minimum 740 loan representative credit score</li> </ul>
	Debt Ratios <b>Maximum 41%; compensating factors will not be considered</b>	Maximum 45% Debt-To-Income Ratio
	Credit History <ul style="list-style-type: none"> <li>• <b>Arizona, California, Florida, Michigan, and Nevada</b></li> <li style="padding-left: 20px;">o <b>Minimum 720 loan representative credit score</b></li> </ul>	
	Second Homes: <b>Ineligible</b>	Second Homes: <ul style="list-style-type: none"> <li>• 90.0% LTV/CLTV to \$417,000</li> <li style="padding-left: 20px;">o Minimum 720 loan representative credit score</li> <li>• Ineligible: AZ, CA, FL, &amp; NV</li> </ul>
	Condominiums <ul style="list-style-type: none"> <li>• Maximum 90% LTV/CLTV to \$417,000</li> <li style="padding-left: 20px;">o Minimum 680 loan representative credit score</li> <li>• <b>Maximum 85% LTV/CLTV to \$625,500</b></li> <li style="padding-left: 20px;">o <b>Minimum 720 loan representative credit score</b></li> </ul>	Condominiums: <ul style="list-style-type: none"> <li>• 90.0% LTV/CLTV to \$417,000</li> <li style="padding-left: 20px;">o Minimum 680 loan representative credit score</li> <li>• 90.0% LTV/CLTV to \$650,000</li> <li style="padding-left: 20px;">o Minimum 720 loan representative credit score</li> </ul>
	2-Unit Properties: <ul style="list-style-type: none"> <li>• <b>Maximum 85% LTV/CLTV to \$533,850</b></li> <li style="padding-left: 20px;">o <b>Minimum 720 loan representative credit score</b></li> </ul>	2-Unit Properties: <ul style="list-style-type: none"> <li>• 90.0% LTV/CLTV to \$533,850</li> </ul>
	Manufactured Homes: <ul style="list-style-type: none"> <li>• <b>85% LTV/CLTV to \$417,000</b></li> <li style="padding-left: 20px;">o <b>Minimum 680 loan representative credit score</b></li> </ul>	Manufactured Homes: <ul style="list-style-type: none"> <li>• Owner Occupied – 90.0% LTV/CLTV to \$417,000</li> <li>• Second Home – 85.0% LTV/CLTV to \$417,000</li> <li>• Minimum 680 loan representative credit score</li> </ul>

<b>CMG MI Distressed Markets Policy</b>		
<b>Guideline Topic</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Additionally, the following restrictions will apply: (cont'd)</b>	<b>Co-ops:</b> <ul style="list-style-type: none"> <li>• <b>85% LTV/CLTV to \$417,000</b></li> <li>o <b>Minimum 720 loan representative credit score</b></li> </ul>	
	CMG MI will not insure: <ul style="list-style-type: none"> <li>• <b>Condominiums, 1-unit single family attached, co-ops, and 2-units in Florida</b></li> <li>• <b>Third Party Originations</b></li> <li>• <b>Second Homes</b></li> <li>• Nontraditional Credit</li> <li>• Loan Representative Credit Score of Less Than 620</li> <li>• Cash-Out Refinances</li> <li>• Construction-To-Perm</li> <li>• Interest Only</li> <li>• Investment Properties</li> <li>• 3-4 Unit Properties</li> <li>• Limited Doc Products</li> <li>• Scheduled or Potential Negative Amortization</li> <li>• Option Payment Mortgages</li> </ul>	CMG MI will not insure: <ul style="list-style-type: none"> <li>• Loan Representative Credit Score of Less Than 620</li> <li>• Nontraditional Credit</li> <li>• Cash-Out Refinances</li> <li>• Construction-To-Perm</li> <li>• Interest Only</li> <li>• Investment Properties</li> <li>• 3-4 Unit Properties</li> <li>• Limited Doc Products</li> <li>• Scheduled or Potential Negative Amortization</li> <li>• Option Payment Mortgages</li> </ul>
<b>Other</b>		<b>These changes apply to previously issued CMG MI Program Variations.</b>
	<b>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 <a href="http://www.cmgmi.com">www.cmgmi.com</a> for additional information.</b>	
		<b>To determine the subject property's MSA/MSAD, the following websites may be helpful:</b> <ul style="list-style-type: none"> <li>• <b>U.S. Census Bureau/Current lists of Metropolitan and Micropolitan Statistical Areas and Definitions. Scroll down to</b></li> </ul>

<b>CMG MI Distressed Markets Policy</b>		
<b>Guideline Topic</b>	<b>New Guidelines - Effective March 6, 2009</b>	<b>Existing Guidelines</b>
<b>Distressed Markets List</b>	To determine if the property is subject to CMG MI's Distressed Markets Policy, access the CMG MI ZipMap at <a href="http://www.cmgmi.com/map">www.cmgmi.com/map</a> and enter the property's zip code.	To determine if the property is subject to CMG MI's Distressed Markets Policy, access the CMG MI ZipMap at: • <a href="http://www.cmgmi.com/map">http://www.cmgmi.com/map</a>
<b>Distressed Markets List States</b>	<ul style="list-style-type: none"> <li>• The following states will have a maximum 90% LTV/CLTV:               <ul style="list-style-type: none"> <li>◦ <b>Arizona</b></li> <li>◦ California</li> <li>◦ <b>Florida</b></li> <li>◦ <b>Michigan</b></li> <li>◦ <b>Nevada</b></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The following states will have a maximum 90% LTV/CLTV:               <ul style="list-style-type: none"> <li>◦ California</li> </ul> </li> <li>• <b>The following states will be subject to two (2) LTV/CLTV tiers on our distressed markets list:</b> <ul style="list-style-type: none"> <li>◦ <b>Florida and Nevada</b> <ul style="list-style-type: none"> <li>- <b>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.</b></li> </ul> </li> </ul> </li> </ul>
	<u>States</u> <b>Arizona - Tier 2</b>	Arizona - Tier 1 California - Tier 2

**CMG MI Distressed Markets Policy**

<u>Guideline Topic</u>	<u>New Guidelines - Effective March 6, 2009</u>	<u>Existing Guidelines</u>
<p><b>Distressed Markets List</b> <b>MSA/MSAD</b></p>	<p><del>Arizona - Tier 2</del> California - Tier 2 <b>Florida - Tier 2</b> <b>Michigan - Tier 2</b> <b>Nevada - Tier 2</b> Puerto Rico - Tier 1</p>	<p><del>California - Tier 2</del> 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 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 Puerto Rico - Tier 1</p>
	<p><u>MSA/MSAD - Tier 1</u> Atlanta-Sandy Springs-Marietta, GA <b>Baton Rouge, LA</b> <b>Beaumont-Port Arthur, TX</b> <b>Boise City-Nampa, ID</b> <b>Camden, NJ</b> <b>Canton-Massillon, OH</b> <b>Chicago-Naperville-Joliet, IL</b> Cincinnati-Middletown, OH-KY-IN <b>Cleveland-Elyria-Mentor, OH</b> Dayton, OH Denver-Aurora, CO <b>Des Moines-West Des Moines, IA</b> <b>Duluth, MN-WI</b> <b>Eau Claire, WI</b> <b>Fairbanks, AK</b> <b>Janesville, WI</b> <b>Kansas City, MO-KS</b> <b>La Crosse, WI-MN</b> <b>Lima, OH</b> <b>Milwaukee-Waukesha-West Allis, WI</b> Minneapolis-St. Paul-Bloomington, MN-WI <b>Nassau-Suffolk, NY</b></p>	<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>