

CMG MI
Program Guideline
Updates
Effective April 6, 2009

CMG MI Conforming & Non-Conforming Program Guidelines		
Guideline Topic	New Guidelines - Effective April 6, 2009	New Guidelines - Effective March 6, 2009
LTV/Loan Amount	<p><u>Loan Amounts up to \$417,000</u></p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ 95% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score ◦ 90% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 620 loan representative credit score • Ineligible: Second Home and Investment Property <p><u>Loan Amounts > \$417,000</u></p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ 90% LTV to \$625,500 <li style="padding-left: 40px;">- Minimum 720 loan representative score ◦ 85% LTV to \$729,750 <li style="padding-left: 40px;">- Minimum 740 loan representative score • Ineligible: Second Home and Investment Property 	<p><u>Loan Amounts up to \$417,000</u></p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ 95% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 620 loan representative credit score • Second Home <ul style="list-style-type: none"> ◦ 90% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score • Ineligible: Investment Property <p><u>Loan Amounts > \$417,000</u></p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ 95% LTV to \$625,500 <li style="padding-left: 40px;">- Minimum 680 loan representative score ◦ 90% LTV to \$729,750 <li style="padding-left: 40px;">- Minimum 720 loan representative score • Ineligible: Second Home and Investment Property
Loan Type	<ul style="list-style-type: none"> • Maximum 40 year amortization term • Fixed rate, fixed payment, fully amortized over term • Adjustable Rate Mortgage <ul style="list-style-type: none"> ◦ Positively Amortizing Hybrid ARM (i.e. 5/1, 7/1, 10/1) <ul style="list-style-type: none"> ◦ Annual caps not to exceed 2% and lifetime cap not to exceed 6% • Balloons <ul style="list-style-type: none"> ◦ Owner-Occupied: Term ≥ 5 years • Ineligible: Short Term ARM (3 years or less fixed period), Potential Negative Amortization, Scheduled Negative Amortization, Option Payment Mortgages, and Interest Only 	<ul style="list-style-type: none"> • Maximum 40 year amortization term • Fixed rate, fixed payment, fully amortized over term • Adjustable Rate Mortgage <ul style="list-style-type: none"> ◦ Positively Amortizing ARM ◦ Short Term ARM (3 years or less fixed period) ◦ Hybrid ARM (i.e. 5/1, 7/1, 10/1) <ul style="list-style-type: none"> ◦ Annual caps not to exceed 2% and lifetime cap not to exceed 6% • Balloons <ul style="list-style-type: none"> ◦ Owner-Occupied/Second Home: Term ≥ 5 years • Ineligible: Potential Negative Amortization, Scheduled Negative Amortization, Option Payment Mortgages, and Interest Only
Temporary/Permanent Buydowns	<ul style="list-style-type: none"> • Owner-Occupied Only • 2,1 buydown allowed on Fixed Rate Mortgages (FRMs) and ≥ 5/1 ARMs • 3,2,1 buydown allowed on FRMs and ≥ 5/1 ARMs • 1,0 buydown allowed on 1-yr ARMs • Financed Permanent Buydowns are permitted; qualifying LTV will be based on the gross loan amount (including buydown funds) • Ineligible: Cash-Out Refinances, Second Homes, Investment Properties, and Interest Only 	<ul style="list-style-type: none"> • Owner-Occupied Only • 2,1 buydown allowed on Fixed Rate Mortgages (FRMs) and ≥ 3/1 ARMs • 3,2,1 buydown allowed on FRMs and ≥ 5/1 ARMs • 1,0 buydown allowed on 1-yr ARMs • Financed Permanent Buydowns are permitted; qualifying LTV will be based on the gross loan amount (including buydown funds) • Ineligible: Cash-Out Refinances, Second Homes, Investment Properties, and Interest Only
Subordinate Financing	<ul style="list-style-type: none"> • Maximum CLTV cannot exceed published maximum LTV stated within the CMG MI Conforming and Non-Conforming Program Guidelines (see LTV/Loan Amount) • Only the first mortgage will be insured by CMG MI • 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 • Ineligible: Second Home and Investment Property 	<ul style="list-style-type: none"> • Maximum CLTV cannot exceed published maximum LTV stated within the CMG MI Conforming and Non-Conforming Program Guidelines (see LTV/Loan Amount) • Only the first mortgage will be insured by CMG MI • 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 • Second Home - new subordinate lien must be fully amortized • Ineligible: Investment Property

CMG MI Conforming & Non-Conforming Program Guidelines		
<u>Guideline Topic</u>	<u>New Guidelines - Effective April 6, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>
Loan Purpose	<ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> ◦ Relocation Documentation & Eligibility <ul style="list-style-type: none"> - Not eligible for delivery via the CMG MI delegated channel. Must be submitted to the CMG MI Underwriting Network for review - - Copy of relocation agreement or detail of relocating company's standard relocation "package" • Rate/Term Refinance <ul style="list-style-type: none"> - Pay off an existing first lien, including reasonable and customary closing costs <ul style="list-style-type: none"> -- 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 - Pay off of a subordinate lien that is seasoned at least 12 months <ul style="list-style-type: none"> -- 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 - 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 - Maximum cash back to the borrower not to exceed 2% of the loan amount or \$2,000, whichever is less • Ineligible: <ul style="list-style-type: none"> - All Cash Out Refinance transactions - Existing first lien was refinanced within the last 12 months as a cash out transaction 	<ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> ◦ Relocation Documentation & Eligibility <ul style="list-style-type: none"> - Not eligible for delivery via the CMG MI delegated channel. Must be submitted to the CMG MI Underwriting Network for review - - Copy of relocation agreement or detail of relocating company's standard relocation "package" • Rate/Term Refinance <ul style="list-style-type: none"> - Pay off an existing first lien, including reasonable and customary closing costs <ul style="list-style-type: none"> -- 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 - Pay off of a subordinate lien that is seasoned at least 12 months <ul style="list-style-type: none"> -- 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 - 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 - Maximum cash back to the borrower not to exceed 2% of the loan amount or \$2,000, whichever is less • Ineligible: <ul style="list-style-type: none"> - Cash Out Refinance - Existing first lien was refinanced within the last 12 months as a cash out transaction

CMG MI Conforming & Non-Conforming Program Guidelines		
Guideline Topic	New Guidelines - Effective April 6, 2009	New Guidelines - Effective March 6, 2009
Debt Ratios	<p>• Purchase</p> <ul style="list-style-type: none"> ◦ Maximum 45%, regardless of DU or LP recommendations <p>• Rate/Term Refinance</p> <ul style="list-style-type: none"> ◦ Maximum 41%, regardless of DU or LP recommendations <p>NOTE: Loans that exceed the above debt-to-income ratio criteria, not to be greater than 50% for Purchase and 45% for Rate/Term Refinance, 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.</p> <ul style="list-style-type: none"> ◦ Any compensating factors used should be completely documented in the file ◦ 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 ◦ The borrower demonstrates the ability to maintain a good credit history, accumulate savings, and maintain a debt-free position ◦ 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 ◦ The residual income is equal to or greater than the PITI for the subject property ◦ There is less than a ten-point spread between the new housing debt ratio and the total debt ratio ◦ The new mortgage payment does not exceed 110% of the prior/existing mortgage or rental payment ◦ 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 ◦ 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 ◦ The borrower has significant equity in other real estate owned, generally 30% or higher ◦ The borrower has a potential for increased earnings ◦ Energy efficient dwelling 	<p>• Owner Occupied</p> <ul style="list-style-type: none"> ◦ Maximum 45%, regardless of DU or LP recommendations <p>• Second Home</p> <ul style="list-style-type: none"> ◦ Maximum 41%, regardless of DU or LP recommendations <p>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.</p> <ul style="list-style-type: none"> ◦ Any compensating factors used should be completely documented in the file ◦ 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 ◦ The borrower demonstrates the ability to maintain a good credit history, accumulate savings, and maintain a debt-free position ◦ 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 ◦ The residual income is equal to or greater than the PITI for the subject property ◦ There is less than a ten-point spread between the new housing debt ratio and the total debt ratio ◦ The new mortgage payment does not exceed 110% of the prior/existing mortgage or rental payment ◦ 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 ◦ 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 ◦ The borrower has significant equity in other real estate owned, generally 30% or higher ◦ The borrower has a potential for increased earnings ◦ Energy efficient dwelling

CMG MI Conforming & Non-Conforming Program Guidelines		
Guideline Topic	New Guidelines - Effective April 6, 2009	New Guidelines - Effective March 6, 2009
Qualifying Rate	<ul style="list-style-type: none"> • Hybrid ARMs (i.e. 5/1, 7/1, 10/1) qualify using the start rate 	<ul style="list-style-type: none"> • 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	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ Minimum 5% of own funds • Additional funds for down payment, closing costs, and prepaid escrow may be from any of the following sources: <ul style="list-style-type: none"> ◦ 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 ◦ Unsecured installment loans may only be from an extended family member who is not a party to the transaction (maximum 2% of purchase price) ◦ 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) ◦ Subordinate financing with grant-like features • Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac 	<p>Borrower must have a minimum equity or down payment from their own funds as follows:</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ Loan Amount up to \$417,000 <ul style="list-style-type: none"> - Loan representative credit score ≥ 680, minimum 3% of own funds - Loan representative credit score 620-679, minimum 5% of own funds ◦ Loan Amount > \$417,000 <ul style="list-style-type: none"> - Minimum 5% of own funds • Second Home <ul style="list-style-type: none"> ◦ Minimum 10% own funds • Additional funds for down payment, closing costs, and prepaid escrow may be from any of the following sources: <ul style="list-style-type: none"> ◦ 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 ◦ Unsecured installment loans may only be from an extended family member who is not a party to the transaction (maximum 2% of purchase price) ◦ 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) ◦ Subordinate financing with grant-like features • Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac

CMG MI Conforming & Non-Conforming Program Guidelines		
<u>Guideline Topic</u>	<u>New Guidelines - Effective April 6, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>
Cash Reserves	<ul style="list-style-type: none"> • Reserves cannot be proceeds from subject mortgage • Single Property <ul style="list-style-type: none"> ◦ Owner Occupied <ul style="list-style-type: none"> - Minimum 2 months' PITI 	<ul style="list-style-type: none"> • Reserves cannot be proceeds from subject mortgage • Single Property <ul style="list-style-type: none"> ◦ Owner Occupied/Second Home <ul style="list-style-type: none"> - Minimum 2 months' PITI
	<p>Multiple Properties</p> <ul style="list-style-type: none"> • 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"> ◦ 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 • Primary Home Converts to a Second Home <ul style="list-style-type: none"> ◦ Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and ◦ Minimum 6 months of PITI for both properties; or ◦ Minimum 2 months of PITI for both properties: <ul style="list-style-type: none"> - 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). 	<p>Multiple Properties</p> <ul style="list-style-type: none"> • 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"> ◦ 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 • Primary Home Converts to a Second Home <ul style="list-style-type: none"> ◦ Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and ◦ Minimum 6 months of PITI for both properties; or ◦ Minimum 2 months of PITI for both properties: <ul style="list-style-type: none"> - 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).
	<ul style="list-style-type: none"> • Primary Home Converts to an Investment Property <ul style="list-style-type: none"> ◦ 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"> - Up to 75% of the rental income to be used to offset the mortgage payment in qualifying. ◦ Rental income documentation: <ul style="list-style-type: none"> - Copy of the fully executed lease agreement; and - Receipt of a security deposit from the tenant and deposit into the borrower's account. ◦ 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"> - Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and - Minimum 6 months of PITI for both properties is required to be in reserves. 	<ul style="list-style-type: none"> • Primary Home Converts to an Investment Property <ul style="list-style-type: none"> ◦ 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"> - Up to 75% of the rental income to be used to offset the mortgage payment in qualifying. ◦ Rental income documentation: <ul style="list-style-type: none"> - Copy of the fully executed lease agreement; and - Receipt of a security deposit from the tenant and deposit into the borrower's account. ◦ 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"> - Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and - Minimum 6 months of PITI for both properties is required to be in reserves.

CMG MI Conforming & Non-Conforming Program Guidelines		
Guideline Topic	New Guidelines - Effective April 6, 2009	New Guidelines - Effective March 6, 2009
Maximum Interested Party/Seller Contributions & Concessions	<ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – 95% ◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs up to 90% • Ineligible: Cash-Out Refinances, Second Homes, and Investment Properties 	<ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> ◦ Maximum 3% not to exceed the lesser of the property's sales price or appraised value on LTVs 90.01 – 95% ◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value for LTVs up to 90% • Second Home <ul style="list-style-type: none"> ◦ Maximum 6% not to exceed the lesser of the property's sales price or appraised value • Ineligible: Cash-Out Refinances and Investment Properties
Eligible Properties	<ul style="list-style-type: none"> Owner-Occupied • 1-unit single-family attached or detached • Condominiums <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score ◦ Maximum 85% LTV to \$625,500 <ul style="list-style-type: none"> - Minimum 740 loan representative credit score • Must be Fannie Mae/Freddie Mac warrantable • Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score • Ineligible: 2-4 units, manufactured homes, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes 	<ul style="list-style-type: none"> Owner-Occupied • 1-unit single-family attached or detached • 2-units <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$533,850 ◦ Minimum 680 loan representative credit score • Condominiums <ul style="list-style-type: none"> ◦ Maximum 95% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 620 loan representative credit score ◦ Maximum 90% LTV to \$625,500 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score • Must be Fannie Mae/Freddie Mac warrantable • Manufactured homes <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$417,000 - Minimum 680 loan representative credit score ◦ Must meet Fannie Mae/Freddie Mac property eligibility criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs® • Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$417,000 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score • Ineligible: 3-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes
	Ineligible: Second Homes and Investment Properties	<ul style="list-style-type: none"> Second Home • 1-unit single-family attached or detached • Condominiums <ul style="list-style-type: none"> ◦ Maximum 90% LTV to \$417,000 - Minimum 720 loan representative credit score ◦ Must be Fannie Mae/Freddie Mac warrantable • Ineligible: Co-ops, 2-4 units, manufactured homes, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes

CMG MI Conforming & Non-Conforming Program Guidelines		
<u>Guideline Topic</u>	<u>New Guidelines - Effective April 6, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>
Third Party Originations	<ul style="list-style-type: none"> • 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. • Third Party Originations are subject to the following restrictions: <ul style="list-style-type: none"> o Owner-Occupied Only o Purchase Only o Maximum 90% LTV o Minimum 720 loan representative credit score o 1-unit single-family detached <ul style="list-style-type: none"> - Maximum \$625,500 loan amount • Ineligible: Second Homes, Investment Properties, Cash-Out Refinance, Rate/Term Refinance, 1-unit single-family attached, 2-4 units, co-ops, condominiums, and manufactured homes 	<ul style="list-style-type: none"> • 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. • Third Party Originations are subject to the following restrictions: <ul style="list-style-type: none"> o Owner-Occupied Only o Purchase Only o Maximum 90% LTV o Minimum 720 loan representative credit score o 1-unit single-family detached and condominiums <ul style="list-style-type: none"> - Maximum \$625,500 loan amount o Manufactured Homes and co-ops <ul style="list-style-type: none"> - Maximum \$417,000 loan amount • Ineligible: Second Homes, Investment Properties, Cash-Out Refinance, Rate/Term Refinance, 1-unit single-family attached, and 2-4 units

CMG MI Conforming & Non-Conforming Program Guidelines		
<u>Guideline Topic</u>	<u>New Guidelines - Effective April 6, 2009</u>	<u>New Guidelines - Effective March 6, 2009</u>
Appraisal	<ul style="list-style-type: none"> • Appraisal requirements for all loans > \$650,000, must meet one of the following: <ul style="list-style-type: none"> ◦ 2 independent interior/exterior appraisal reports with photos ◦ 1 independent interior/exterior appraisal with photos AND a complete field review supporting appraised value • Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniema.com, www.freddiemac.com, or via AllRegs® <ul style="list-style-type: none"> ◦ Subject property condition must be “average” or above to be eligible for CMG MI delegated delivery. <ul style="list-style-type: none"> - Generally property condition must be average or above to be eligible for mortgage insurance 	<ul style="list-style-type: none"> • Appraisal requirements for all loans > \$650,000, must meet one of the following: <ul style="list-style-type: none"> ◦ 2 independent interior/exterior appraisal reports with photos ◦ 1 independent interior/exterior appraisal with photos AND a complete field review supporting appraised value • Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniema.com, www.freddiemac.com, or via AllRegs® <ul style="list-style-type: none"> ◦ Subject property condition must be “average” or above to be eligible for CMG MI delegated delivery. <ul style="list-style-type: none"> - Generally property condition must be average or above to be eligible for mortgage insurance <ul style="list-style-type: none"> ◦ 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.
	<ul style="list-style-type: none"> • All appraisals must be in writing or electronic. Standard format is as follows: <ul style="list-style-type: none"> ◦ 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). • Ineligible: Streamline appraisal forms and waivers are ineligible, such as those driven by DU/LP (e.g. Exterior-only 2055 drive-by inspections, property inspection waivers and DU Refi Plus property fieldwork waiver) 	<ul style="list-style-type: none"> • All appraisals must be in writing or electronic. Standard format is as follows: <ul style="list-style-type: none"> ◦ 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) ◦ 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) ◦ Manufactured Homes -- Manufactured Home Appraisal Report, Form 1004C/70B ◦ 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 Distressed Markets Policy		
	New Guidelines - Effective April 6, 2009	Guidelines - Effective March 6, 2009
Once the above criteria have been considered and a valid and accurate appraised value is established, apply the following maximum allowed LTV/CLTV:	Loan Amounts up to \$417,000 <ul style="list-style-type: none"> • Maximum 90% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score Loan Amounts > \$417,000 <ul style="list-style-type: none"> • Maximum 85% LTV/CLTV to \$625,500 <ul style="list-style-type: none"> - Minimum 740 loan representative credit score Ineligible: Properties located in Arizona, California, Florida, Michigan, and Nevada	<ul style="list-style-type: none"> • Tier 1 – Maximum 95% LTV/CLTV <ul style="list-style-type: none"> o 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 <ul style="list-style-type: none"> o 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 <ul style="list-style-type: none"> • Maximum 95% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> - Minimum 680 loan representative credit score • Maximum 90% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> - Minimum 620 loan representative credit score Loan Amounts > \$417,000 <ul style="list-style-type: none"> • Maximum 90% LTV/CLTV to \$625,500 <ul style="list-style-type: none"> - Minimum 720 loan representative credit score
	Credit Score: <ul style="list-style-type: none"> • Arizona, California, Florida, Michigan, and Nevada <ul style="list-style-type: none"> - Minimum 720 loan representative credit score 	AZ, CA, FL, MI, NV <ul style="list-style-type: none"> • Minimum 720 loan representative credit score
	Condominiums <ul style="list-style-type: none"> • Maximum 85% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> o Minimum 720 loan representative credit score 	Condominiums <ul style="list-style-type: none"> • Maximum 90% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> o Minimum 680 loan representative credit score • Maximum 85% LTV/CLTV to \$625,500 <ul style="list-style-type: none"> o Minimum 720 loan representative credit score
	2-Unit Properties: Ineligible	2-Unit Properties: <ul style="list-style-type: none"> • Maximum 85% LTV/CLTV to \$533,850 <ul style="list-style-type: none"> o Minimum 720 loan representative credit score
	Manufactured Homes: Ineligible	Manufactured Homes: <ul style="list-style-type: none"> • 85% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> o Minimum 680 loan representative credit score
	Co-ops: Ineligible	Co-ops: <ul style="list-style-type: none"> • 85% LTV/CLTV to \$417,000 <ul style="list-style-type: none"> o Minimum 720 loan representative credit score

CMG MI Distressed Markets Policy		
	New Guidelines - Effective April 6, 2009	Guidelines - Effective March 6, 2009
Additionally, the following restrictions will apply: (cont'd)	CMG MI will not insure: <ul style="list-style-type: none"> • Short Term ARM (3 years or less fixed period) • 2-4 Unit Properties • Manufactured Homes • Co-ops • 1-unit single family attached and Condominiums in Florida • Third Party Originations • Second Homes • Nontraditional Credit • Loan Representative Credit Score of Less Than 680 • Cash-Out Refinances • Construction-To-Perm • Interest Only • Investment Properties • Limited Doc Products • Scheduled or Potential Negative Amortization • Option Payment Mortgages 	CMG MI will not insure: <ul style="list-style-type: none"> • 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
Distressed Markets List States	<u>States</u> Arizona California Connecticut Florida Hawaii Michigan Nevada New Jersey Puerto Rico Rhode Island	<u>States</u> Arizona - Tier 2 California - Tier 2 Florida - Tier 2 Michigan - Tier 2 Nevada - Tier 2 Puerto Rico - Tier 1

CMG MI Distressed Markets Policy		
	New Guidelines - Effective April 6, 2009	Guidelines - Effective March 6, 2009
Distressed Markets List MSA/MSAD	<u>MSA/MSAD</u> Akron, OH Albany-Schenectady-Troy, NY Atlanta-Sandy Springs-Marietta, GA Augusta-Richmond County, GA-SC Baltimore-Towson, MD Baton Rouge, LA Beaumont-Port Arthur, TX Bellingham, WA Bend, OR Bethesda-Frederick-Gaithersburg, MD (MSAD) Boise City-Nampa, ID Boston-Quincy, MA (MSAD) Bremerton-Silverdale, WA Brunswick, GA Cambridge-Newton-Framingham, MA (MSAD) Canton-Massillon, OH Charleston-North Charleston-Summerville, SC Charlottesville, VA Chattanooga, TN-GA Chicago-Naperville-Joliet, IL (MSAD) Cincinnati-Middletown, OH-KY-IN Cleveland-Elyria-Mentor, OH Coeur d'Alene, ID Colorado Springs, CO Columbus, OH Corvallis, OR Dalton, GA Danville, IL Danville, VA Dayton, OH Des Moines-West Des Moines, IA Dover, DE Duluth, MN-WI Eau Claire, WI Erie, PA Eugene-Springfield, OR Evansville, IN-KY Fairbanks, AK Fayetteville, NC Fayetteville-Springdale-Rogers, AR-MO Fond du Lac, WI Gainesville, GA Gary, IN (MSAD)	<u>MSA/MSAD - Tier 1</u> Atlanta-Sandy Springs-Marietta, GA Baton Rouge, LA Beaumont-Port Arthur, TX Boise City-Nampa, ID Camden, NJ Canton-Massillon, OH Chicago-Naperville-Joliet, IL Cincinnati-Middletown, OH-KY-IN Cleveland-Elyria-Mentor, OH Dayton, OH Denver-Aurora, CO Des Moines-West Des Moines, IA Duluth, MN-WI Eau Claire, WI Fairbanks, AK Janesville, WI Kansas City, MO-KS La Crosse, WI-MN Lima, OH Milwaukee-Waukesha-West Allis, WI Minneapolis-St. Paul-Bloomington, MN-WI Nassau-Suffolk, NY New Haven-Milford, CT Olympia, WA Philadelphia, PA Portland-South Portland-Biddeford, ME Portland-Vancouver-Beaverton, OR-WA Poughkeepsie-Newburgh-Middletown, NY Providence-New Bedford-Fall River, RI-MA Provo-Orem, UT St. Louis, MO-IL Springfield, MA Toledo, OH Tulsa, OK Virginia Beach-Norfolk-Newport News, VA-NC Washington-Arlington-Alexandria, DC-VA-MD-WV Wichita, KS Wilmington, DE-MD-NJ Worcester, MA Youngstown-Warren-Boardman, OH-PA

CMG MI Distressed Markets Policy		
	New Guidelines - Effective April 6, 2009	Guidelines - Effective March 6, 2009
Distressed Markets List (cont'd) MSA/MSAD	Grand Junction, CO Greeley, CO Green Bay, WI Greensboro-High Point, NC Greenville, NC Gulfport-Biloxi, MS Hagerstown-Martinsburg, MD-WV Hickory-Lenoir-Morganton, NC Indianapolis-Carmel, IN Iowa City, IA Janesville, WI Joplin, MO Kansas City, MO-KS Kingston, NY Kokomo, IN La Crosse, WI-MN Lake County-Kenosha County, IL-WI (MSAD) Las Cruces, NM Lewiston-Auburn, ME Lima, OH Macon, GA Madison, WI Manchester-Nashua, NH Mankato-North Mankato, MN Mansfield, OH Medford, OR Memphis, TN-MS-AR Michigan City-La Porte, IN Milwaukee-Waukesha-West Allis, WI Minneapolis-St. Paul-Bloomington, MN-WI Mobile, AL Mount Vernon-Anacortes, WA Muncie, IN Nassau-Suffolk, NY (MSAD) New Orleans-Metairie-Kenner, LA New York-White Plains-Wayne, NY-NJ (MSAD) Newark-Union, NJ-PA (MSAD) Ogden-Clearfield, UT Olympia, WA Oshkosh-Neenah, WI Peoria, IL Philadelphia, PA (MSAD) Portland-South Portland-Biddeford, ME Portland-Vancouver-Beaverton, OR-WA Poughkeepsie-Newburgh-Middletown, NY	

CMG MI Distressed Markets Policy		
	New Guidelines - Effective April 6, 2009	Guidelines - Effective March 6, 2009
Distressed Markets List (cont'd) MSA/MSAD	Providence-New Bedford-Fall River, RI-MA Provo-Orem, UT Racine, WI Richmond, VA Rockford, IL Salem, OR Salisbury, MD San Antonio, TX Sandusky, OH Santa Fe, NM Seattle-Bellevue-Everett, WA (MSAD) Sheboygan, WI South Bend-Mishawaka, IN-MI Spartanburg, SC Spokane, WA Springfield, MA Springfield, MO St. Cloud, MN St. George, UT St. Louis, MO-IL Sumter, SC Syracuse, NY Tacoma, WA (MSAD) Toledo, OH Tulsa, OK Valdosta, GA Virginia Beach-Norfolk-Newport News, VA-NC Warner Robins, GA Washington-Arlington-Alexandria, DC-VA-MD-WV (MSAD) Weirton-Steubenville, WV-OH Wichita, KS Wilmington, DE-MD-NJ (MSAD) Wilmington, NC Winchester, VA-WV Worcester, MA Youngstown-Warren-Boardman, OH-PA	