

The CMG MI Credit Risk Bulletin

Bulletin #2-09 — February 2009



CMG Mortgage Insurance Company

Summary of Guideline Changes Effective April 6, 2009

The information below is only a summary of our guideline changes effective April 6, 2009. Complete CMG MI program guidelines are available at: www.cmgmi.com/guidelines.

CMG Mortgage Insurance Company (CMG MI) continues to evaluate the ongoing changes in today's housing market, while implementing sound policies that promote our goal of providing products that support sustainable homeownership. In an effort to respond quickly to the continued volatility in the mortgage market, we are announcing eligibility and guideline changes for our Conforming and Non-Conforming Program and Distressed Markets Policy/List and the discontinuation of the HLPR Discount Program **effective April 6, 2009**.

Please note the following:

- **Changes supersede previously issued CMG MI approved program variations**
- **Changes apply regardless of submission channel to CMG MI**
- **Changes apply regardless of any Automated Underwriting System (AUS) recommendation or decision**

Changes to Conforming & Non-Conforming Program:

- **Insurance is no longer eligible for the following:**
 - Second Homes
 - Manufactured Homes
 - 2-unit properties
 - Short-Term ARM (3 years or less fixed period)
- **Loan Amount up to \$417,000**
 - 1-unit single family detached and attached
 - Maximum 95% LTV
 - Minimum 680 loan representative credit score
 - Maximum 90% LTV
 - Minimum 620 loan representative credit score
 - Condominiums
 - Maximum 90% LTV
 - Minimum 680 loan representative credit score

Summary of Guideline Changes Effective April 6, 2009 (cont'd)

- o Co-ops
 - Maximum 90% LTV
 - Minimum 720 loan representative credit score
- **Loan Amount > \$417,000**
 - o 1-unit single family detached and attached
 - Maximum 90% LTV to \$625,500
 - Minimum 720 loan representative credit score
 - Maximum 85% LTV to \$729,750
 - Minimum 740 loan representative credit score
 - o Condominiums
 - Maximum 85% LTV to \$625,500
 - Minimum 740 loan representative credit score
- **Third Party Originations**
 - o Owner-Occupied Only
 - o Purchase Only
 - o 1-unit single-family detached
 - o Maximum 90% LTV
 - o Maximum \$625,500 loan amount
 - o Minimum 720 loan representative credit score
 - o **Ineligible:** Second Homes, Investment Properties, Cash-Out Refinance, Rate/Term Refinance, 1-unit attached, 2-4 units, Condominiums, Manufactured homes, and Co-ops
- **Debt Ratios**
 - o Purchase
 - Maximum 45% DTI, regardless of DU or LP recommendations
 - o Rate/Term Refinance
 - Maximum 41% DTI, regardless of DU or LP recommendations
- **Qualifying Rate**
 - o Hybrid ARMs (i.e., 5/1, 7/1, 10/1) qualify using the start rate
- **Minimum Down Payment**
 - o Minimum 5% of own funds
- **Appraisal**
 - o Streamlined 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)

Changes to Distressed Markets Policy and List

- **Insurance is no longer eligible for the following:**
 - o LTVs > 90%
 - o Loan Representative Credit Score < 680

Summary of Guideline Changes Effective April 6, 2009 (cont'd)

- o Manufactured Homes
- o 2-unit properties
- o Co-ops
- o Short-Term ARM (3 years or less fixed period)
- **Maximum LTV of 90% for all distressed markets, except Condominiums and Loan Amount > \$417,000**
 - o Loan Amount up to \$417,000
 - 1-unit single-family detached and attached
 - Maximum 90% LTV
 - Minimum 680 loan representative credit score
 - Condominiums
 - Maximum 85% LTV
 - Minimum 720 loan representative credit score
 - o **Loan Amount > \$417,000**
 - 1-unit single-family detached and attached
 - Maximum 85% LTV to \$625,500
 - Minimum 740 loan representative credit score
- **Maximum loan amount of \$417,000 for properties in Arizona, California, Florida, Michigan, and Nevada**
 - o Minimum 720 loan representative credit score
- **The following MSA have been removed from the CMG MI Distressed Markets List:**
 - o MSA
 - Denver-Aurora, CO
- **The following states, MSA/MSADs, and non-MSA Areas have been added to the CMG MI Distressed Markets List:**
 - o **Entire States:**
 - Connecticut
 - Hawaii
 - New Jersey
 - Rhode Island
 - o **MSAs/MSADs:**
 - Akron, OH
 - Albany-Schenectady-Troy, NY
 - Augusta-Richmond County, GA-SC
 - Baltimore-Towson, MD
 - Bellingham, WA
 - Bend, OR
 - Bethesda-Frederick-Gaithersburg, MD (MSAD)
 - Boston-Quincy, MA (MSAD)
 - Bremerton-Silverdale, WA
 - Brunswick, GA
 - Cambridge-Newton-Framingham, MA (MSAD)

Summary of Guideline Changes Effective April 6, 2009 (cont'd)

- Charleston-North Charleston-Summerville, SC
- Charlottesville, VA
- Chattanooga, TN-GA
- Coeur d'Alene, ID
- Colorado Springs, CO
- Columbus, OH
- Corvallis, OR
- Dalton, GA
- Danville, IL
- Danville, VA
- Dover, DE
- Erie, PA
- Eugene-Springfield, OR
- Evansville, IN-KY
- Fayetteville, NC
- Fayetteville-Springdale-Rogers, AR-MO
- Fond du Lac, WI
- Gainesville, GA
- Gary, IN (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
- Joplin, MO
- Kingston, NY
- Kokomo, IN
- Lake County-Kenosha County, IL-WI (MSAD)
- Las Cruces, NM
- Lewiston-Auburn, ME
- Macon, GA
- Madison, WI
- Manchester-Nashua, NH
- Mankato-North Mankato, MN
- Mansfield, OH
- Medford, OR
- Memphis, TN-MS-AR
- Michigan City-La Porte, IN
- Mobile, AL
- Mount Vernon-Anacortes, WA

Summary of Guideline Changes Effective April 6, 2009 (cont'd)

- Muncie, IN
- New Orleans-Metairie-Kenner, LA
- New York-White Plains-Wayne, NY-NJ (MSAD)
- Newark-Union, NJ-PA (MSAD)
- Ogden-Clearfield, UT
- Oshkosh-Neenah, WI
- Peoria, IL
- 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, MO
- St. Cloud, MN
- St. George, UT
- Sumter, SC
- Syracuse, NY
- Tacoma, WA (MSAD)
- Valdosta, GA
- Warner Robins, GA
- Weirton-Steubenville, WV-OH
- Wilmington, NC
- Winchester, VA-WV

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Changes to HLPR Discount Program

- Rates for the HLPR Discount Program will no longer be available effective April 6, 2009

Please make any necessary updates to your internal systems. CMG MI recommends that you notify your staff and branches of the changes and the effective date as soon as possible. For more information or to answer your questions, please contact your CMG MI Account Executive or visit our website at www.cmgmi.com/guidelines.