

**CMG Mortgage Insurance Company**  
**Distressed Markets – 7 MSAs Removed from List**  
**Effective 8/7/2009**  
**Summary of Changes**

Effective August 7, 2009, CMG Mortgage Insurance Company (CMG MI) is removing 7 Metropolitan Statistical Areas (MSAs) from the Distressed Markets List and making changes to the Conforming & Non-Conforming Guidelines and the Distressed Markets Policy.

CMG MI's Distressed Markets Policy and List were developed in response to adverse housing and economic trends. CMG MI is continually monitoring mortgage and economic activity nationwide and updating the Policy and List accordingly. When conditions within an MSA show trends indicating positive movement, CMG MI reviews that data to see if that MSA can be removed from the Distressed Markets List.

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 Guidelines**

- Territorial Underwriting Guidelines  
The territorial minimum loan representative credit score requirement will no longer apply for the following states:
  - Washington
  - New York

- Minimum Down Payment
  - Borrower must have a minimum equity or down payment from their own funds as follows:
    - Owner-Occupied
      - ❖ Minimum 5% of borrower funds must be verified as part of the transaction

### **Changes to Distressed Markets Policy**

- **The value of the subject property must be well supported; therefore, we recommend obtaining with the origination appraisal report:**
  - Two comparable sales that have closed within the 90 days of the appraisal date. If recent (within 90 days) comparables are not available, the appraiser may be required to explain the reason(s) for the lack of recent sales and/or provide comparable listings to support the value.

### **Changes to Distressed Markets List**

- **The following MSAs/MSADs have been removed from the CMG MI Distressed Markets List:**
  - **MSAs/MSADs:**
    - Augusta-Richmond County, GA-SC
    - Baton Rouge, LA
    - Fayetteville, NC
    - Fond du Lac, WI
    - Peoria, IL
    - San Antonio, TX
    - Wichita, KS

The above is only a summary of the Guidelines, Distressed Markets Policy and List changes effective August 7, 2009. Information on Guidelines is available at [www.cmgmi.com/guidelines](http://www.cmgmi.com/guidelines). Information on Distressed Markets is available at [www.cmgmi.com/distressed\\_markets](http://www.cmgmi.com/distressed_markets).

CMG MI is committed to supporting sustainable homeownership -- not just putting people in houses, but enabling them to stay there. By removing these MSAs from the Distressed Markets List, CMG MI is making available to Credit Unions doing business within these MSAs mortgage insurance guidelines that are less restrictive.

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](http://www.cmgmi.com/guidelines) or [www.cmgmi.com/distressed\\_markets](http://www.cmgmi.com/distressed_markets).

**NOTES:**

A Metropolitan Statistical Area (MSA) is a geographical area designated by the U.S. Census Bureau for purposes of collecting and disseminating geographic data. A Metropolitan Statistical Area Division (MSAD) is a subdivision of a larger metropolitan statistical area, which has its own distinct social, economic and cultural area within the larger MSA.

Distressed markets are defined as (1) specific geographic areas where property values are declining or are likely to decline, and (2) specific geographic areas where property values are being influenced by foreclosures and unemployment rates, among other factors.