

The CMG MI Credit Risk Bulletin

Bulletin #4-09 — September 2009

CMG Mortgage Insurance Company

Summary of Eligibility and Guideline Changes Effective October 2, 2009

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. To be current with evolving developments in the mortgage market, we are announcing further changes to our Conforming and Non-Conforming Program and Distressed Markets List, **effective October 2, 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 and Non-Conforming Guidelines:

- **CMG MI Coverages and Premiums** – *Please note that CMG MI is removing all caps on MI coverage, effective October 2, 2009.*
 - Maximum MI Coverage for LTVs:
 - 85% LTV - Maximum 17%
 - 90% LTV - Maximum 25%
 - 95% LTV - Maximum 30%
- **Loan Purpose - CLARIFICATION**
 - Ineligible: Construction-To-Perm
- **Credit History**
 - Minimum of one credit score is required for each borrower, regardless of DU or LP recommendations. The credit report must be no more than 90 days old on the date the mortgage note is signed
 - If the minimum payment for a debt is not stated on the credit report, five percent (5%) of the outstanding balance must be used when calculating the debt ratio or supporting documentation must be provided to support actual minimum payment
- **Third Party Originations**
 - Loans that are not originated on behalf of a credit union are ineligible

Summary of Eligibility and Guideline Changes Effective October 2, 2009 (cont'd)

- **Appraisal**

- o All appraisals must be in writing or electronic. Standard format is as follows:
 - Market Conditions Addendum to the Appraisal Report – Uniform Residential Appraisal Form (Fannie Mae Form 1004MC/Freddie Mac Form 71, dated March 2009)

Changes to Distressed Markets Policy

- **Merged LTV/Loan Amount and Credit Score Guideline Topics:**
 - o **Loan Amounts up to \$417,000**
 - Maximum 90% LTV/CLTV to \$417,000
 - Properties located in Arizona, California, Florida, Michigan, and Nevada
 - Minimum 720 loan representative credit score
 - Properties located in all other states
 - Minimum 680 loan representative credit score
- **CMG MI will not insure:** (not a change, but a reordering of existing items)
 - o Loan Representative Credit Score of Less Than 680
 - o Second Homes
 - o Investment Properties
 - o 1-unit single family attached and Condominiums in Florida
 - o 2-4 Unit Properties
 - o Co-ops
 - o Manufactured Homes
 - o Short-Term ARM (3 years or less fixed period)
 - o Scheduled or Potential Negative Amortization
 - o Option Payment Mortgages
 - o Interest Only
 - o Cash-Out Refinances
 - o Construction-To-Perm
 - o Limited Doc Products
 - o Nontraditional Credit
 - o Third Party Originations

Changes to Distressed Markets List

- **The following MSA/MSADs have been removed from the CMG MI Distressed Markets List:**
 - o **MSAs/MSADs:**
 - Akron, OH
 - Albany-Schenectady-Troy, NY
 - Beaumont-Port Arthur, TX
 - Brunswick, GA
 - Buffalo-Niagara Falls, NY
 - Cincinnati-Middletown, OH-KY-IN
 - Colorado Springs, CO

Summary of Eligibility and Guideline Changes Effective October 2, 2009 (cont'd)

- Des Moines-West Des Moines, IA
- Eau Claire, WI
- Erie, PA
- Evansville, IN-KY
- Fairbanks, AK
- Greeley, CO
- Green Bay, WI
- Greenville, NC
- Gulfport-Biloxi, MS
- Indianapolis-Carmel, IN
- Iowa City, IA
- Joplin, MO
- Kansas City, MO-KS
- La Crosse, WI-MN
- Las Cruces, NM
- Macon, GA
- Madison, WI
- Memphis, TN-MS-AR
- Mobile, AL
- Muncie, IN
- New Orleans-Metairie-Kenner, LA
- Oshkosh-Neenah, WI
- Portland-South Portland-Biddeford, ME
- Pueblo, CO
- Reading, PA
- Santa Fe, NM
- Savannah, GA
- Sheboygan, WI
- Sioux City, IA-NE-SD
- Springfield, MO
- St. Cloud, MN
- Syracuse, NY
- Tulsa, OK
- Valdosta, GA
- Warner Robins, GA
- Wilmington, NC
- Yakima, WA

The above is only a summary of the guideline changes effective October 2, 2009. Complete CMG MI program guidelines are available at: www.cmgmi.com/guidelines.

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.or visit our website at www.cmgmi.com/guidelines.