

Updated Guidelines - Effective November 6, 2009
(Supersedes all previous guidelines and updates)**C M G M I G U I D E L I N E S****DISTRESSED MARKETS POLICY – TIER 2**

The CMG MI Distressed Markets Policy will apply when one of the following indicators is present

1. The subject property is located in a state, MSA/MSAD, or non-MSA area on the **CMG MI Distressed Markets List**; **or**
2. The declining property value box is checked on the appraisal report; **or**
3. The credit union has identified the MSA/MSAD on their internal declining markets list/policy; **or**
4. The credit union's independent research shows the MSA/MSAD is declining

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, **and**
- Detailed explanation from the appraiser as to why property values are declining in the area and what effect falling home prices have had on the value and marketability of the subject property

Once the above criteria have been considered and a valid and accurate appraised value is established, apply the following the maximum allowed LTV/CLTV:

- Tier 2 – Maximum 90% LTV/CLTV
 - 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:

LTV/Loan Amount**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

Loan Amounts > \$417,000

- Maximum 85% LTV/CLTV to \$625,500
 - Minimum 740 loan representative credit score
- **Ineligible:** Properties located in Arizona, California, Florida, Michigan, and Nevada

Debt Ratios

- Maximum 41%; compensating factors will not be considered

Property Type

- Condominiums
 - Maximum 85% LTV/CLTV to \$417,000
 - Minimum 720 loan representative credit score
- CMG MI will **not** insure:
 - Loan Representative Credit Score of Less Than 680
 - Second Homes
 - Investment Properties
 - 1-unit single family attached and Condominiums in Florida
 - 2-4 Unit Properties
 - Co-ops
 - Manufactured Homes
 - Short-Term ARMs (1 to 3 years fixed period)
 - Scheduled or Potential Negative Amortization
 - Option Payment Mortgages
 - Interest Only
 - Cash-Out Refinances
 - Construction-To-Perm
 - Limited Doc Products
 - Nontraditional Credit
 - Third Party Originations

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 www.cmgmi.com for additional information.

CMG MI continually monitors the volatility in the marketplace, as well as risk factors relative to our guidelines. This may require us to make additional changes to our underwriting guidelines or pricing. The **CMG MI Distressed Markets List** will be reviewed and updated on a quarterly basis, or more frequently as needed.

To determine if the property is subject to CMG MI's Distressed Markets Policy, access the CMG MI *ZipMap* at www.cmgmi.com/map and enter the property's zip code.