

CMG MI Program Guideline Updates *Effective January 8, 2010*

Reference for matrix:

New guideline changes are shown in bold red and italicized under the effective January 8, 2010 column.

Existing guidelines affected by the new guideline changes are in bold blue and italicized under the effective November 6, 2009 column.



CMG Mortgage Insurance Company
A Joint Venture between PMI Mortgage Insurance Co. and
CUNA Mutual Insurance Society

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective January 8, 2010	Guidelines - Effective November 6, 2009
LTV/Loan Amount	<p>Loan Amounts > \$417,000</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> o 90% LTV to \$625,500 <ul style="list-style-type: none"> ★ Minimum 720 loan representative score o 85% LTV to \$729,750 <ul style="list-style-type: none"> ★ Minimum 720 loan representative score o CMG Single Premium Payment Plan <ul style="list-style-type: none"> ★ Minimum 700 loan representative score <p>• Ineligible: Second Home and Investment Property</p>	<p>Loan Amounts > \$417,000</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> o 90% LTV to \$625,500 <ul style="list-style-type: none"> ★ Minimum 740 loan representative score o 85% LTV to \$729,750 <ul style="list-style-type: none"> ★ Minimum 740 loan representative score <p>• Ineligible: Second Home and Investment Property</p>
Loan Type	<ul style="list-style-type: none"> • Adjustable Rate Mortgage <ul style="list-style-type: none"> o Positively Amortizing Hybrid ARM (i.e. 5/1, 7/1, 10/1) o Short Term ARMs (1 to 3 years fixed period) <ul style="list-style-type: none"> ★ Purchase Only ★ Owner-Occupied <ul style="list-style-type: none"> ◆ Minimum 700 loan representative credit score <p>★ Ineligible: Short Term ARMs less than 1 year fixed period, Loan Amounts > \$417,000</p>	<ul style="list-style-type: none"> • Adjustable Rate Mortgage <ul style="list-style-type: none"> o Positively Amortizing Hybrid ARM (i.e. 5/1, 7/1, 10/1) o Short Term ARMs (1 to 3 years fixed period) <ul style="list-style-type: none"> ★ Purchase Only ★ Owner-Occupied <ul style="list-style-type: none"> ◆ Minimum 700 loan representative credit score <p>★ Ineligible: Loan Amounts > \$417,000</p>
Loan Purpose	<p>Rehabilitation – loan that provides the borrower with funds to cover the costs to renovate, remodel or repair a property. The loan purpose may either be a purchase or a rate/term refinance</p> <ul style="list-style-type: none"> • Loan must meet CMG MI's current guidelines in addition to Fannie Mae's Selling Guide and Freddie Mac Seller Guide guidelines and documentation for rehabilitation loans with these additional criteria: <ul style="list-style-type: none"> • Maximum 95% LTV to \$417,000 <ul style="list-style-type: none"> o Owner-Occupied o Purchase and Rate/Term Refinance o 1-unit single-family detached and attached • The borrower must be an individual; no corporations, not-for-profits, or agencies allowed • The borrower may not be the contractor or provide repairs as a "do-it-yourself" option • A recertification of the property value by an appraiser is required in addition to the certificate of completion. The recertification of value must be added to the loan file documentation <p>Cash-Out Refinance - loan where the proceeds exceed the outstanding principal balance of existing lien plus reasonable and customary closing costs; pay off or subordinate a junior lien which is seasoned less than 12 months whether or not the borrower received any cash from the transaction; all debt consolidation is treated as Cash-Out</p> <p>Cash-Out</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> o Maximum 85% LTV to \$417,000 <ul style="list-style-type: none"> ★ Minimum 700 loan representative credit score ★ Maximum \$75,000 cash back to borrower at close <p>Ineligible:</p> <ul style="list-style-type: none"> • Existing first lien was refinanced within the last 12 months as a cash out transaction 	<p>Cash-Out Refinance - loan where the proceeds exceed the outstanding principal balance of existing lien plus reasonable and customary closing costs; pay off or subordinate a junior lien which is seasoned less than 12 months whether or not the borrower received any cash from the transaction; all debt consolidation is treated as Cash-Out</p> <ul style="list-style-type: none"> • Owner-Occupied <ul style="list-style-type: none"> o Maximum 85% LTV to \$417,000 <ul style="list-style-type: none"> ★ Minimum 720 loan representative credit score ★ Maximum \$75,000 cash back to borrower at close <p>Ineligible:</p> <ul style="list-style-type: none"> • Existing first lien was refinanced within the last 12 months as a cash out transaction • Construction-To-Perm

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective January 8, 2010	Guidelines - Effective November 6, 2009
Eligible Borrowers	<p>Non-permanent Resident Aliens (the right to live and work in the US temporarily verified by a valid permit/Visa) are eligible, subject to:</p> <ul style="list-style-type: none"> • Maximum 95% LTV to \$417,000 <ul style="list-style-type: none"> o Owner-Occupied o Purchase and Rate/Term Refinance o 1-unit single-family detached and attached • Minimum 2 years' established history of residency, employment and credit within the US <ul style="list-style-type: none"> • Heavy emphasis will be placed on employment and likelihood of continuation • Assets for down payment, closing costs and reserves should be verified on deposit in a US financial institution for at least 6 months • The credit union must have acceptable documentation in the loan file to verify the non-permanent resident alien status 	<p>Non-permanent Resident Aliens (the right to live and work in the US temporarily) are eligible for:</p> <ul style="list-style-type: none"> • Purchase and Rate/Term Refinance • Owner-Occupied only • Evidence of Occupancy status is validated by one of the following required INS documents: <ul style="list-style-type: none"> o Unexpired foreign passport containing INS form I-94 stamped with "Employment Authorized" o Temporary Resident Card form I-688 o Employment Authorization Card form I-688 A or O containing the applicant's photograph • Evidence of Residency status is validated by a copy of the borrower's temporary work Visa (INS form I-94). The following documentation is required for Residency eligibility: <ul style="list-style-type: none"> o Borrower must have established a 2-year history of residency, employment and credit within the US o VISA status must provide a remaining duration of at least three years o Heavy emphasis will be placed on employment and likelihood of continuation o Assets for down payment, closing costs and reserves should be verified on deposit in a US financial institution for at least 6 months
Employment History	<p>Self-Employed</p> <ul style="list-style-type: none"> • Minimum 24 months' history of self-employment verified by most recent 2 years' personal and business tax returns • Business tax returns are not required if the borrower meets all of the following: <ul style="list-style-type: none"> o The borrower has been self employed in the same business for at least five years o The borrower's individual tax returns show an increase in income from self-employment in the past two years o All down payment and closing costs are from the borrower's personal funds; funds from business account(s) cannot be used 	<p>Self-Employed</p> <ul style="list-style-type: none"> • Minimum 24 months' history of self-employment verified by most recent 2 years' business tax returns • Business tax returns are not required if the borrower meets all of the following: <ul style="list-style-type: none"> o The borrower has been self employed in the same business for at least five years o The borrower's individual tax returns show an increase in income from self-employment in the past two years o All down payment and closing costs are from the borrower's personal funds; funds from business account(s) cannot be used

CMG MI Conforming & Non-Conforming Program Guidelines

Guideline Topic	New Guidelines - Effective January 8, 2010	Guidelines - Effective November 6, 2009
Credit History	<p>Although a credit score can be generated with one trade line, CMG MI does not consider the credit score valid unless at least three open and active trade lines are evaluated for a minimum of 12 months. Borrowers who have a lengthy and in-depth credit history (multiple years and multiple active, inactive and closed accounts) do not have a credit score validity issue, although the minimum loan representative credit scores specified in these guidelines nonetheless apply</p> <p>Comparable Credit Criteria (available at www.cmgmi.com) may be used in lieu of credit score to determine eligibility only if one of the following conditions apply:</p> <ul style="list-style-type: none"> • Property is located in New York • The credit score is unusable due to inaccurate information <p>Loans using the Comparable Credit Criteria must be submitted to the CMG MI Underwriting Network for review</p>	<p>Although a credit score can be generated with one trade line, CMG MI does not consider the credit score valid unless at least three open and active trade lines are evaluated for a minimum of 12 months</p> <p>Comparable Credit Criteria (available at www.cmgmi.com) may be used in lieu of credit score to determine eligibility only if one of the following conditions apply:</p> <ul style="list-style-type: none"> • Property is located in a state where pricing cannot be based on credit score • The credit score is unusable due to invalid credit information found on the report • Lack of sufficient credit information <p>Loans using the Comparable Credit Criteria must be submitted to the CMG MI Underwriting Network for review.</p>
Debt Ratios	<p>Maximum 45%, regardless of DU or LP recommendations</p> <p>NOTE: Loans that exceed the above debt-to-income ratio criteria are not eligible for delivery via the CMG MI delegated channel and must be submitted to the CMG MI Underwriting Network for review</p>	<p>Maximum 41%, regardless of DU or LP recommendations</p> <p>NOTE: Loans that exceed the above debt-to-income ratio criteria, not to be greater than 45%, may be submitted to the CMG MI Underwriting Network for consideration with multiple compensating factors. The below is a list of some of the 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 January 8, 2010	Guidelines - Effective November 6, 2009
Liquid Assets	<ul style="list-style-type: none"> • Verification of Deposit with a two month average balance provided, or • Two months' current bank statements per account, reporting all transactions and end balances, and satisfactory explanation for any large deposits or increases 	
Eligible Properties	<p>Owner-Occupied</p> <ul style="list-style-type: none"> • 1-unit single-family detached and attached • 2-units <ul style="list-style-type: none"> o Maximum 95% LTV to \$533,850 ★ Minimum 680 loan representative credit score • Condominiums <ul style="list-style-type: none"> o Maximum 95% LTV to \$417,000 ★ Minimum 680 loan representative credit score o Maximum 85% LTV to \$625,500 ★ Minimum 700 loan representative credit score o Must be Fannie Mae/Freddie Mac warrantable o Ineligible: Short Term ARMs (1 to 3 years fixed period) • Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state <ul style="list-style-type: none"> o Maximum 90% LTV to \$417,000 ★ Minimum 680 loan representative credit score o Ineligible: Short Term ARMs (1 to 3 years fixed period) • Manufactured Homes <ul style="list-style-type: none"> o Maximum 90% LTV to \$417,000 ★ Minimum 680 loan representative credit score o Ineligible: Single-Wide Manufactured Homes • Ineligible: 3-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes 	<p>Owner-Occupied</p> <ul style="list-style-type: none"> • 1-unit single-family detached and attached • Condominiums <ul style="list-style-type: none"> o Maximum 95% LTV to \$417,000 ★ Minimum 700 loan representative credit score o Maximum 85% LTV to \$625,500 ★ Minimum 740 loan representative credit score o Must be Fannie Mae/Freddie Mac warrantable o Ineligible: Short Term ARMs (1 to 3 years fixed period) • Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state <ul style="list-style-type: none"> o Maximum 90% LTV to \$417,000 ★ Minimum 720 loan representative credit score o Ineligible: Short Term ARMs (1 to 3 years fixed period) • Ineligible: 2-4 units, manufactured homes, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes
Appraisal	<p>All appraisals must be in writing or electronic. Standard format is as follows:</p> <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); OR • Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005); OR • 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); OR • Manufactured Homes -- Manufactured Home Appraisal Report, Form 1004C/70B; OR • 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; AND • Market Conditions Addendum to the Appraisal Report -- Uniform Residential Appraisal Form (Fannie Mae Form 1004MC/Freddie Mac Form 71, dated March 2009) 	<p>All appraisals must be in writing or electronic. Standard format is as follows:</p> <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); OR • Condominiums -- Individual Condominium or PUD Unit Form (Fannie Mae Form 1073/Freddie Mac Form 465, dated March 2005); OR • 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; AND • Market Conditions Addendum to the Appraisal Report -- Uniform Residential Appraisal Form (Fannie Mae Form 1004MC/Freddie Mac Form 71, dated March 2009)

CMG MI Distressed Markets Policy - Tier 1		
	Tier 1: New Guidelines - Effective January 8, 2010	Tier 1: New Guidelines - Effective November 6, 2009
The CMG MI Distressed Markets Policy will apply when the following indicator is present:	The subject property is located in a state, MSA/MSAD, or non-MSA area on the CMG MI Distressed Markets List	1. The subject property is located in a state, MSA/MSAD, or non-MSA area on the CMG MI Distressed Markets List; <i>or</i> 2. <i>The declining property value box is checked on the appraisal report; or</i> 3. <i>The credit union has identified the MSA/MSAD on their internal declining markets list/policy; or</i> 4. <i>The credit union's independent research shows the MSA/MSAD is declining</i>
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 1 – Maximum 95% LTV/CLTV • 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	Tier 1 – Maximum 95% LTV/CLTV • 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. <i>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.</i>
LTV/Loan Amount	<u>Loan Amounts up to \$417,000</u> • Maximum 95% LTV/CLTV to \$417,000 o Minimum 700 loan representative credit score • Maximum 90% LTV/CLTV to \$417,000 o Minimum 680 loan representative credit score <u>Loan Amounts > \$417,000</u> • Maximum 90% LTV/CLTV to \$500,000 o Minimum 720 loan representative credit score • Maximum 85% LTV/CLTV to \$625,500 o Minimum 720 loan representative credit score • CMG Single Premium Payment Plan o Minimum 700 loan representative credit score	<u>Loan Amounts up to \$417,000</u> • Maximum 95% LTV/CLTV to \$417,000 o Minimum 700 loan representative credit score • Maximum 90% LTV/CLTV to \$417,000 o Minimum 680 loan representative credit score <u>Loan Amounts > \$417,000</u> • Maximum 90% LTV/CLTV to \$500,000 o Minimum 720 loan representative credit score • Maximum 85% LTV/CLTV to \$625,500 o Minimum 720 loan representative credit score
Property Type	• 2-units o Maximum 95% LTV/CLTV to \$533,850 ★ Minimum 700 loan representative credit score • Condominiums o Maximum 95% LTV/CLTV to \$417,000 ★ Minimum 700 loan representative credit score • Co-ops o Maximum 90% LTV/CLTV to \$417,000 ★ Minimum 680 loan representative credit score • Manufactured Homes o Maximum 90% LTV/CLTV to \$417,000 ★ Minimum 700 loan representative credit score	Condominiums • Maximum 90% LTV/CLTV to \$417,000 o Minimum 700 loan representative credit score
CMG MI will not insure:	• Loan Representative Credit Score of Less Than 680 • Second Homes • Investment Properties • 3-4 Unit Properties • Single-Wide Manufactured Homes • Short-Term ARM (3 years or less 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	• Loan Representative Credit Score of Less Than 680 • Second Homes • Investment Properties • 2-4 Unit Properties • Co-ops • Manufactured Homes • Short-Term ARM (3 years or less 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
Distressed Markets List - State	Hawaii	

CMG MI Distressed Markets Policy - Tier 1

	Tier 1: New Guidelines - Effective January 8, 2010	Tier 1: New Guidelines - Effective November 6, 2009
Distressed Markets List - MSA/MSAD	MSA/MSAD Name <i>Allentown-Bethlehem-Easton, PA-NJ</i> Atlanta-Sandy Springs-Marietta, GA <i>Atlantic City-Hammonton, NJ</i> <i>Baltimore-Towson, MD</i> <i>Bellingham, WA</i> <i>Bethesda-Frederick-Gaithersburg, MD (MSAD)</i> Bremerton-Silverdale, WA <i>Bridgeport-Stamford-Norwalk, CT</i> <i>Camden, NJ</i> <i>Coeur d'Alene, ID</i> Danville, VA <i>Dover, DE</i> <i>Duluth, MN-WI</i> <i>Edison-New Brunswick, NJ</i> <i>Elkhart-Goshen, IN</i> <i>Eugene-Springfield, OR</i> <i>Gainesville, GA</i> Gary, IN (MSAD) Grand Junction, CO <i>Hagerstown-Martinsburg, MD-WV</i> Hickory-Lenoir-Morganton, NC <i>Kingston, NY</i> <i>Kokomo, IN</i> Lake County-Kenosha County, IL-WI (MSAD) <i>Lewiston-Auburn, ME</i>	MSA/MSAD Name Atlanta-Sandy Springs-Marietta, GA <i>Boston-Quincy, MA (MSAD)</i> Bremerton-Silverdale, WA <i>Canton-Massillon, OH</i> <i>Charlottesville, VA</i> <i>Chicago-Naperville-Joliet, IL (MSAD)</i> <i>Dalton, GA</i> <i>Danville, IL</i> Danville, VA <i>Dayton, OH</i> Gary, IN (MSAD) Grand Junction, CO <i>Greensboro-High Point, NC</i> Hickory-Lenoir-Morganton, NC <i>Janesville, WI</i> Lake County-Kenosha County, IL-WI (MSAD) <i>Lima, OH</i>

CMG MI Distressed Markets Policy - Tier 1

	Tier 1: New Guidelines - Effective January 8, 2010	Tier 1: New Guidelines - Effective November 6, 2009
<p>Distressed Markets List (cont'd) - MSA/MSAD</p>	<p>Manchester-Nashua, NH Mansfield, OH Medford, OR Michigan City-La Porte, IN Nassau-Suffolk, NY (MSAD) New Haven-Milford, CT New York-White Plains-Wayne, NY-NJ (MSAD) Newark-Union, NJ-PA (MSAD) Norwich-New London, CT Oakland-Fremont-Hayward, CA Ocean City, NJ Oxnard-Thousand Oaks-Ventura, CA Peabody, MA (MSAD) Portland-Vancouver-Beaverton, OR-WA Poughkeepsie-Newburgh-Middletown, NY Providence-New Bedford-Fall River, RI-MA Provo-Orem, UT Racine, WI Rockford, IL Salem, OR Salisbury, MD San Diego-Carlsbad-San Marcos, CA San Francisco-San Mateo-Redwood City, CA San Jose-Sunnyvale-Santa Clara, CA Santa Ana-Anaheim-Irvine, CA Santa Barbara-Santa Maria-Goleta, CA South Bend-Mishawaka, IN-MI Springfield, MA Springfield, OH St. George, UT Tacoma, WA (MSAD) Trenton-Ewing, NJ Vineland-Millville-Bridgeton, NJ Virginia Beach-Norfolk-Newport News, VA-NC Washington-Arlington-Alexandria, DC-VA-MD-WV (MSAD) Weirton-Steubenville, WV-OH Wilmington, DE-MD-NJ (MSAD) Worcester, MA Youngstown-Warren-Boardman, OH-PA</p>	<p>Manchester-Nashua, NH Mansfield, OH McAllen-Edinburg-Mission, TX Minneapolis-St. Paul-Bloomington, MN-WI New York-White Plains-Wayne, NY-NJ (MSAD) Portland-Vancouver-Beaverton, OR-WA Providence-New Bedford-Fall River, RI-MA Provo-Orem, UT Racine, WI Salisbury, MD Salt Lake City, UT Sandusky, OH Spartanburg, SC St. George, UT Sumter, SC Tacoma, WA (MSAD) Toledo, OH Vineland-Millville-Bridgeton, NJ Washington-Arlington-Alexandria, DC-VA-MD-WV (MSAD) Weirton-Steubenville, WV-OH Wilmington, DE-MD-NJ (MSAD) Worcester, MA Youngstown-Warren-Boardman, OH-PA</p>

CMG MI Distressed Markets Policy - Tier 2

	<p>Tier 2: New Guidelines - Effective January 8, 2010</p>	<p>Tier 2: New Guidelines - Effective November 6, 2009</p>
<p>The CMG MI Distressed Markets Policy will apply when the following indicator is present:</p>	<p>The subject property is located in a state, MSA/MSAD, or non-MSA area on the CMG MI Distressed Markets List</p>	<p>1. The subject property is located in a state, MSA/MSAD, or non-MSA area on the CMG MI Distressed Markets List; <i>or</i> 2. <i>The declining property value box is checked on the appraisal report; or</i> 3. <i>The credit union has identified the MSA/MSAD on their internal declining markets list/policy; or</i> 4. <i>The credit union's independent research shows the MSA/MSAD is declining</i></p>
<p>LTV/Loan Amount</p>	<p><u>Loan Amounts up to \$417,000</u> Maximum 90% LTV/CLTV to \$417,000 • Properties located in Arizona, Florida, Michigan, and Nevada ◦ Minimum 720 loan representative credit score, regardless of property type • Properties located in California Tier 2 MSA/MSAD ◦ Minimum 720 loan representative credit score, regardless of property type • Properties located in all other states ◦ Minimum 680 loan representative credit score <u>Loan Amounts > \$417,000</u> Maximum 85% LTV/CLTV to \$625,500 • Minimum 740 loan representative credit score Ineligible: Properties located in Arizona, Florida, Michigan, Nevada, and California Tier 2 MSA/MSAD</p>	<p><u>Loan Amounts up to \$417,000</u> 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 <u>Loan Amounts > \$417,000</u> Maximum 85% LTV/CLTV to \$625,500 • Minimum 740 loan representative credit score Ineligible: Properties located in Arizona, California, Florida, Michigan, and Nevada</p>
<p>Property Type</p>	<p>Condominiums • Maximum 90% LTV/CLTV to \$417,000 ◦ Minimum 680 loan representative credit score Co-ops • Maximum 90% LTV/CLTV to \$417,000 ◦ Minimum 700 loan representative credit score</p>	<p>Condominiums • Maximum 85% LTV/CLTV to \$417,000 ◦ Minimum 720 loan representative credit score</p>
<p>CMG MI will not insure:</p>	<ul style="list-style-type: none"> • 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 • Manufactured Homes • Short-Term ARM (3 years or less 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 	<ul style="list-style-type: none"> • 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 Housing • Short-Term ARM (3 years or less 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
<p>Distressed Markets List - State</p>	<p>Arizona Florida Michigan Nevada Puerto Rico</p>	<p>Arizona California Florida Hawaii Michigan Nevada Puerto Rico</p>

CMG MI Distressed Markets Policy - Tier 2

	Tier 2: New Guidelines - Effective January 8, 2010	Tier 2: New Guidelines - Effective November 6, 2009
Distressed Markets List - MSA/MSAD	MSA/MSAD Name <i>Bakersfield, CA</i> Bend, OR Boise City-Nampa, ID <i>Chico, CA</i> <i>El Centro, CA</i> <i>Fresno, CA</i> <i>Hanford-Corcoran, CA</i> <i>Los Angeles-Long Beach-Glendale, CA</i> <i>Madera, CA</i> <i>Merced, CA</i> <i>Modesto, CA</i> <i>Napa, CA</i> <i>Redding, CA</i> <i>Riverside-San Bernardino-Ontario, CA</i> <i>Sacramento--Arden-Arcade--Roseville, CA</i> <i>Salinas, CA</i> <i>San Luis Obispo-Paso Robles, CA</i> <i>Santa Cruz-Watsonville, CA</i> <i>Santa Rosa-Petaluma, CA</i> <i>Stockton, CA</i> <i>Vallejo-Fairfield, CA</i> <i>Visalia-Porterville, CA</i> Winchester, VA-WV <i>Yuba City, CA</i>	MSA/MSAD Name <i>Allentown-Bethlehem-Easton, PA-NJ</i> <i>Atlantic City-Hammonton, NJ</i> <i>Baltimore-Towson, MD</i> <i>Bethesda-Frederick-Gaithersburg, MD (MSAD)</i> <i>Bellingham, WA</i> Bend, OR Boise City-Nampa, ID <i>Bridgeport-Stamford-Norwalk, CT</i> Camden, NJ <i>Coeur d'Alene, ID</i> <i>Dover, DE</i> <i>Duluth, MN-WI</i> <i>Edison-New Brunswick, NJ</i> <i>Elkhart-Gosen, IN</i> <i>Eugene-Springfield, OR</i> <i>Gainesville, GA</i> <i>Hagerstown-Martinsburg, MD-WV</i> Kingston, NY Kokomo, IN <i>Lewiston-Auburn, ME</i> Medford, OR <i>Michigan City-La Porte, IN</i> <i>Nassau-Suffolk, NY (MSAD)</i> <i>New Haven-Milford, CT</i> <i>Newark-Union, NJ-PA (MSAD)</i> <i>Norwich-New London, CT</i> Ocean City, NJ <i>Peabody, MA (MSAD)</i> <i>Poughkeepsie-Newburgh-Middletown, NY</i> Rockford, IL Salem, OR <i>South Bend-Mishawaka, IN-MI</i> Springfield, MA Springfield, OH <i>Trenton-Ewing, NJ</i> <i>Virginia Beach-Norfolk-Newport News, VA-NC</i> Winchester, VA-WV

CMG MI Comparable Credit Criteria Program Guidelines

Guideline Topic	New Guidelines - Effective January 8, 2010	Guidelines - Effective November 6, 2009
Introduction	<p>After meeting the base eligibility criteria shown in the CMG MI Program Guideline Summary, credit characteristics may be used to determine credit eligibility only if one of the following conditions apply:</p> <ul style="list-style-type: none"> • The property is located in New York • The credit score is unusable due to inaccurate information <p>Once the customer has demonstrated that the credit score cannot be used due to property location, lack of sufficient credit or inaccurate information, the comparable credit score will be determined using the Credit Eligibility Criteria that is consistent with the borrower(s) credit history.</p> <p>The following summary is intended to provide guidance for determining program eligibility based on a borrower's credit history. Because the borrower's paying habits for different types of credit may vary, when applying these guidelines we will consider the severity of credit as the primary determining factor. Once the number of trade references is established, using the criteria below, CMG MI will consider the severity of adverse credit in the following order: foreclosure, bankruptcy, housing obligations, public records, installment credit, revolving credit, and credit inquiries.</p>	<p>After meeting the base eligibility criteria shown in the CMG MI Program Guideline Summary, credit characteristics may be used to determine credit eligibility only if one of the following conditions apply:</p> <ul style="list-style-type: none"> • The property is located in a state where pricing cannot be based on credit score • The credit score is unusable due to invalid credit information found on the credit report • The credit score is unusable due to lack of sufficient credit information (i.e., thin file) <p>Once the customer has demonstrated that the credit score cannot be used due to property location, lack of sufficient credit or inaccurate information; the comparable credit score will be determined using the Credit Eligibility Criteria that is consistent with the borrower(s) credit history.</p> <p>The following summary is intended to provide guidance for determining program eligibility based on a borrower's traditional credit history. Because the borrower's paying habits for different types of credit may vary, when applying these guidelines we will consider the severity of credit as the primary determining factor. Once the number of trade references is established, using the criteria below, CMG MI will consider the severity of adverse credit in the following order: foreclosure, bankruptcy, housing obligations, public records, installment credit, revolving credit, and credit inquiries.</p>
REVISED CREDIT SCORE TIERS -- Comparable to:	<p>680-699 Credit Score</p> <p>700-719 Credit Score</p> <p>720-739 Credit Score</p> <p>740-759 Credit Score</p> <p>760+ Credit Score</p>	<p><i>Credit Comparable to a 600 FICO Score</i></p> <p><i>Credit Comparable to a 620 FICO Score</i></p> <p><i>Credit Comparable to a 660 FICO Score</i></p> <p><i>Credit Comparable to a 700 FICO Score</i></p> <p><i>Credit Comparable to a 720 FICO Score</i></p>
Please refer to www.cmgmi.com/guidelines to see specific program eligibility criteria.		

NEW PROGRAM -- CMG MI Construction-To-Permanent Program Guidelines	
Guideline Topic	New Guidelines - Effective January 8, 2010
Introduction	<p><i>The CMG MI Construction-To-Permanent Program is designed to insure loans to borrowers with a minimum loan representative credit score of 680</i></p> <p><i>If certificate of occupancy has been issued, loan is not eligible for the Construction-To-Permanent Program</i></p> <p><i>NOTE: Full documentation loans are required - limited documentation loans are not eligible under this program</i></p>
CMG MI Mortgage Insurance	<ul style="list-style-type: none"> • <i>Mortgage insurance coverage may be placed in-force once the construction is complete, final inspections have been made and certified by the appraiser. <u>Premium is not collected and there is no coverage during the construction phase</u></i> • <i>Mortgage insurance coverage on the permanent loan is ineligible if the borrower has any 30 day delinquencies during the construction phase</i> • <i>To secure coverage after construction is complete:</i> <ul style="list-style-type: none"> o <i>The lender can choose the effective date based on local practices, such as:</i> <ol style="list-style-type: none"> 1. <i>Date of closing of the permanent loan</i> 2. <i>Date of the certificate of occupancy</i> 3. <i>Date the property is accepted as complete by the borrower</i> o <i>The loan cannot be in default as of the date the lender activates the insurance</i> o <i>Premium payment to be remitted within 45 days of the effective date selected to secure coverage after construction is completed</i> <ul style="list-style-type: none"> ★ <i>If the initial premium payment is received past the 45 days, the date the premium payment is received will be the effective date for coverage</i> o <i>The Property must be completed according to the plans and specifications on which the appraisal was based. Costs associated with completing construction are not claimable expenses</i> o <i>Losses caused by the borrower's inability to secure permanent financing or the lender's unwillingness to convert the loan to a permanent loan are NOT covered</i> • <i>CMG MI's commitment/certificate will be issued for a period of 12 months. Commitment/certificate is subject to credit documentation update if greater than 120 days old on the date the mortgage note is signed. Loan must meet published construction-to-perm program guidelines at time of origination and may be subject to pricing updates if loan characteristics such as credit score and/or LTV changes</i> • <i>Reinstatement/Extension is not permitted. After 12 months, a new MI application, with current borrower information, is required and is subject to current published construction-to-perm program guidelines</i>
Definition	<p><i>A construction-to-permanent loan is the loan an individual borrower(s) obtains which finances the interim construction phase and converts to the permanent financing</i></p> <p><i>NOTE: A loan used to purchase a new home from a builder (often referred to as a "turn key" loan) is not considered construction-to-permanent financing; it should be underwritten as a purchase transaction</i></p>
Distressed Markets Policy	<i>Ineligible: Please refer to CMG MI's Distressed Markets List to determine if the subject property is located in a state, MSA/MSAD, or non-MSA area</i>
Territorial Underwriting Guidelines	<i>Ineligible: Puerto Rico</i>
Automated Approvals	<i>The loan must meet CMG Mortgage Insurance Company's ("CMG MI") Construction-To-Permanent Program Guidelines, regardless of all Fannie Mae's Desktop Underwriter® ("DU") and Freddie Mac's Loan Prospector® ("LP") recommendations</i>

NEW PROGRAM -- CMG MI Construction-To-Permanent Program Guidelines	
Guideline Topic	New Guidelines - Effective January 8, 2010
LTV/Loan Amount	<p>Loan amounts equal to conforming Fannie Mae and Freddie Mac loan limits are available at www.efanniemae.com, www.freddiemac.com or via AllRegs®</p> <p>Owner-Occupied</p> <ul style="list-style-type: none"> • 95% LTV to \$417,000 <ul style="list-style-type: none"> o Minimum 680 loan representative credit score • 90% LTV to \$625,500 <ul style="list-style-type: none"> o Minimum 720 loan representative credit score <p>Ineligible: Second Home and Investment Property</p> <p><i>(Maximum LTV subject to state/geographic restrictions)</i></p> <ul style="list-style-type: none"> • The loan may be treated as a Construction-Purchase or a Construction-Refinance transaction. A Construction-Purchase transaction is defined as a transaction where the borrower is not currently the owner of record of the land and/or is acquiring the lot at the time the construction loan is obtained. A Construction-Refinance transaction is defined as a transaction where the borrower holds title to the lot and is named as the borrower for the construction loan. The LTV is based on the appraised value or total acquisition cost, whichever is less, as determined by the length of time the lot has been owned • Construction-Purchase Transaction – the LTV will be based on the lot purchase price plus the documented costs of improvements; or the current appraised value, whichever is less • Construction- Refinance Transaction – the LTV will be based on: <ul style="list-style-type: none"> o Lot owned less than 12 months – the lesser of the original lot purchase price plus the documented cost of improvements; or the current appraised value o Lot owned 12 months or longer – the LTV is based on the current appraised value • If the land is acquired by gift or inheritance, use the appraised value of the land and document the acquisition and transfer of the land • Cost of improvements is defined as the documented costs to build the home, the costs to obtain the construction and/or the permanent financing and the cost of the land, or value of the lot depending on when the lot was acquired <ul style="list-style-type: none"> o Construction costs may include, but are not limited to, building permits and architectural, survey, and loan fees, in addition to the cost of labor and materials required to complete the improvements • Reimbursement of borrower expenses in excess of the construction loan is considered cash out and is not permitted
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"> o Positively Amortizing Hybrid ARM (i.e. 5/1, 7/1, 10/1) o Short Term ARMs (1 to 3 years fixed period) <ul style="list-style-type: none"> ★ Purchase Only <ul style="list-style-type: none"> ★ Minimum 700 loan representative credit score ★ Ineligible: Short Term ARMs less than 1 year fixed period, Loan Amounts > \$417,000 o Annual caps not to exceed 2% and lifetime cap not to exceed 6% • Balloons <ul style="list-style-type: none"> o Term ≥ 5 years • Ineligible: Potential Negative Amortization, Scheduled Negative Amortization, and Option Payment Mortgages
Interest Only	Ineligible

NEW PROGRAM -- CMG MI Construction-To-Permanent Program Guidelines	
Guideline Topic	New Guidelines - Effective January 8, 2010
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 • 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, Interest Only, and Loan amounts > \$417,000
Subordinate Financing	<ul style="list-style-type: none"> • Maximum CLTV cannot exceed published maximum LTV stated within the CMG MI Construction-to-Permanent 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
Loan Purpose	<ul style="list-style-type: none"> • Construction-Purchase – a transaction where the borrower is not currently the owner of record of the land and/or is acquiring the lot at the time the construction loan is obtained • Construction-Refinance – a transaction where the borrower holds title to the lot and is named as the borrower for the construction loan • Ineligible: Cash-Out Refinance
Eligible Borrowers	<ul style="list-style-type: none"> • U.S. Citizens • Inter Vivos Revocable Trusts • Permanent Resident Aliens (the right to live and work in the US permanently) • Credit union employee loans are not eligible for delivery via the CMG MI delegated channel. They must be submitted to the CMG MI Underwriting Network for review • Ineligible: Non-occupant co-borrowers, Non-permanent Resident Aliens, Non-Resident Aliens, Partnerships, Corporations, Syndications, Trusts (other than Inter Vivos Revocable Trusts), and Foreign Nationals
Age of Credit Documents	<p>The credit documents must be no more than 120 days old on the date the mortgage note is signed. Credit documents are defined as the documents used for income, assets, credit report, and appraisal</p>
Employment History	<ul style="list-style-type: none"> • Salaried/Hourly <ul style="list-style-type: none"> ◦ Minimum 24 months of verified employment in the same or related field ◦ Minimum 30 days' current income verification ◦ Employment gaps greater than 1 month should be explained ◦ If loan is submitted through DU or LP, refer to the DU or LP recommendations regarding documentation requirements in reference to employment gaps • Self-Employed <ul style="list-style-type: none"> ◦ Minimum 24 months' history of self-employment verified by most recent 2 years' personal and business tax returns ◦ Business tax returns are not required if the borrower meets all of the following: <ul style="list-style-type: none"> ★ The borrower has been self-employed in the same business for at least five years ★ The borrower's individual tax returns show an increase in income from self-employment in the past two years ★ All down payment and closing costs are from the borrower's personal funds; funds from business account(s) cannot be used
Credit History	<ul style="list-style-type: none"> • Minimum of one credit score is required for each borrower, regardless of DU or LP recommendations • The credit documents must be no more than 120 days old on the date the mortgage note is signed. Credit documents are defined as the documents used for income, assets, credit, and appraisals • Although a credit score can be generated with one trade line, CMG MI does not consider the credit score valid unless at least three open and active trade lines are evaluated for a minimum of 12 months. Borrowers who have a lengthy and in-depth credit history (multiple years and multiple active, inactive and closed accounts) do not have a credit score validity issue, although the minimum loan representative credit scores specified in these guidelines nonetheless apply • The loan representative credit score will be determined using the lower/middle method; the lowest borrower score will be used • If the minimum payment for a revolving 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 • If the minimum payment for an installment debt or student loan is not stated on the credit report, a copy of the contract or payment letter must be provided to support actual payment • Judgments, Liens, Collections, Voluntary or Involuntary Repossessions and Charge-offs must be paid in full at the time of loan closing • The Borrower's credit history must reflect 0x30 mortgage late payments in the last 24 months and 0x60 installment or revolving account late payments in the last 12 months • Minimum 4 years re-established traditional credit after discharge of bankruptcy for borrowers who have had one bankruptcy; 2 years with extenuating circumstances • Minimum 5 years re-established traditional credit after discharge of bankruptcy for borrowers who have more than one bankruptcy filing in the past 7 years • Borrowers with a history of Bankruptcy, Foreclosure, Short Sale or a Deed-in-Lieu must meet Fannie Mae/Freddie Mac standard credit underwriting criteria available at www.efanniemae.com, www.freddiemac.com or via AllRegs® • Borrowers with a prior foreclosure – loans are not eligible for delivery via the CMG MI delegated channel and must be submitted to the CMG MI Underwriting Network for review • Comparable Credit Criteria (available at www.cmgmi.com) may be used in lieu of credit score to determine eligibility only if one of the following conditions apply: <ul style="list-style-type: none"> ◦ Property is located in New York ◦ The credit score is unusable due to inaccurate information • Loans using the Comparable Credit Criteria must be submitted to the CMG MI Underwriting Network for review

NEW PROGRAM -- CMG MI Construction-To-Permanent Program Guidelines

Guideline Topic	New Guidelines - Effective January 8, 2010
Nontraditional Credit	<i>Ineligible</i>
Debt Ratios	<ul style="list-style-type: none"> • <i>Maximum 45%, regardless of DU or LP recommendations</i> • <i>PITI for the new home will be determined using the interest rate established for the permanent financing</i> • <i>If documentation in the loan indicates the borrower's current residence will be sold upon completion of construction but is not under a non-contingent sales agreement, the underwriter must ascertain if there is a ready market for the properties in the area. The following market conditions must be present:</i> <ul style="list-style-type: none"> o <i>Marketing times are no greater than 6 months</i> o <i>Property values are stable and increasing</i> o <i>The borrower equity in the current residence is sufficient to cover sales and closing costs</i> o <i>If a ready market for the property cannot be verified, the full payment on both the borrower's current residence and the new home should be considered</i> • <i>If the borrower's current residence is not under binding sales agreement, calculate the current housing debt by subtracting 75% of potential rental income from the PITI. If the result is positive, add it to income; if it is negative, add it to long-term debt</i> <p><i>NOTE: Loans that exceed the above debt-to-income ratio criteria are not eligible for delivery via the CMG MI delegated channel and must be submitted to the CMG MI Underwriting Network for review</i></p>
Qualifying Rate	<ul style="list-style-type: none"> • <i>Positively Amortizing Hybrid ARMs qualify at the note rate</i> • <i>Short Term ARMs (1 to 3 years fixed period) qualify using the greater of the initial rate or the Fully Indexed Accrual Rate (FIAR)</i>
Minimum Down Payment	<ul style="list-style-type: none"> • <i>Borrower must have a minimum equity or down payment from their own funds as follows:</i> <ul style="list-style-type: none"> o <i>Owner-Occupied</i> <ul style="list-style-type: none"> ★ <i>Minimum 5% of borrower funds must be verified as part of the transaction</i> • <i>Additional funds for down payment, closing costs and prepaid escrow may be from any of the following sources:</i> <ul style="list-style-type: none"> o <i>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</i> o <i>Unsecured installment loans may only be from an extended family member who is not a party to the transaction (maximum 2% of purchase price)</i> o <i>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)</i> o <i>Subordinate financing with grant-like features</i> • <i>Ineligible: "Sweat Equity" as defined by Fannie Mae/Freddie Mac</i>
Cash Reserves	<ul style="list-style-type: none"> • <i>Reserves cannot be proceeds from subject mortgage</i> • <i>Single Property</i> <ul style="list-style-type: none"> o <i>Minimum 2 months' PITI</i> • <i>Multiple Properties</i> <ul style="list-style-type: none"> o <i>Current principal residence is pending sale (transaction will not be closed with title transfer to new owner prior to the close of subject transaction).</i> <ul style="list-style-type: none"> ★ <i>Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction</i> ★ <i>Minimum 6 months of PITI for both properties</i> ★ <i>No cash-out refinance in the past 6 months</i> o <i>Primary Home Converts to a Second Home</i> <ul style="list-style-type: none"> ★ <i>Both the current and proposed mortgage payment must be used to qualify the borrower for the new transaction; and</i> ★ <i>Minimum 6 months of PITI for both properties; or</i> ★ <i>Minimum 2 months of PITI for both properties:</i> <ul style="list-style-type: none"> ◆ <i>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)</i> o <i>Primary Home Converts to an Investment Property</i> <ul style="list-style-type: none"> ★ <i>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)</i> <ul style="list-style-type: none"> ◆ <i>Up to 75% of the rental income to be used to offset the mortgage payment in qualifying</i> ★ <i>Rental income documentation:</i> <ul style="list-style-type: none"> ◆ <i>Copy of the fully executed lease agreement; and</i> ◆ <i>Receipt of a security deposit from the tenant and deposit into the borrower's account</i> ★ <i>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</i> <ul style="list-style-type: none"> ◆ <i>Both the current and proposed mortgage payments must be used to qualify the borrower for the new transaction; and</i> ◆ <i>Minimum 6 months of PITI for both properties is required to be in reserves</i>

NEW PROGRAM -- CMG MI Construction-To-Permanent Program Guidelines	
Guideline Topic	New Guidelines - Effective January 8, 2010
Liquid Assets	<ul style="list-style-type: none"> • Verification of Deposit with a two month average balance provided, or • Two months' current bank statements per account, reporting all transactions and end balances, and satisfactory explanation for any large deposits or increases
Maximum Interested Party/Seller Contributions & Concessions	<ul style="list-style-type: none"> • Maximum 3% not to exceed the lesser of the property's sales price or appraised value on: <ul style="list-style-type: none"> o LTVs greater than 90% o Loan amounts > \$417,000 • Maximum 6% not to exceed the lesser of the property's sales price or appraised value on: <ul style="list-style-type: none"> o LTVs up to 90%
Eligible Properties	<ul style="list-style-type: none"> • CMG MI generally insures properties up to 10 acres, provided the property is residential in nature. All property types not explicitly approved are not eligible. • 1 unit single-family attached or detached • Ineligible: Cooperative Housing Units (Co-ops), Manufactured Homes, Condominiums, 2-4 units, condotels, timeshare/interval ownership, mixed use, builder inventory, and spec homes
Additionally Required Documentation	<ul style="list-style-type: none"> • Contract between the builder and borrower showing material and construction cost, time to complete and draw schedule • A proposed dwelling survey (Plot Plan) is required • The HUD 1 from the original purchase of the lot is required for the refinance transaction when the property has been owned less than 12 months
Conversion to Permanent	<ul style="list-style-type: none"> • When the lender receives the final inspections, final title update, and Certificate of Occupancy (if applicable), conversion to a fully amortized loan will occur. The loan will become fully amortized over the remaining term • If the construction is not completed prior to the expiration of the 12 month construction commitment term, a new MI application, with current borrower information, is required and is subject to current published construction-to-perm program guidelines • The lender will notify CMG MI of any material changes made to the plans and specifications
Land Acquisition	If the borrower does not own the land, the initial draw disbursement may assist in purchasing the land. However, the borrower's down payment must be used towards the purchase of the land before any mortgage proceeds are used
Construction Draws & Inspections	The borrower is responsible for any cost overruns and change orders. Any changes to the plans and specifications must be approved by the lender. The lender should obtain a recertification of value from the appraiser reflecting the change
Third Party Originations	Ineligible
Multiple Loans to a Borrower	<ul style="list-style-type: none"> • CMG MI will insure up to 3 loans to a borrower with a maximum risk exposure of \$300,000 (maximum risk exposure defined as aggregate of original loan amount x percent of MI coverage) • Within the 3 loans to a borrower limit, CMG MI will only accept the maximum amount of the following: <ul style="list-style-type: none"> o Primary Home – 1 loan maximum o Second Home – 1 loan maximum o Investment Property – 1 loan maximum (currently insured with CMG MI)

NEW PROGRAM -- CMG MI Construction-To-Permanent Program Guidelines	
Guideline Topic	New Guidelines - Effective January 8, 2010
Appraisal	<ul style="list-style-type: none"> • Appraisals must meet Fannie Mae and/or Freddie Mac standard underwriting criteria available at www.efanniemae.com, www.freddiemac.com, or via AllRegs® <ul style="list-style-type: none"> o 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 • All appraisals must be in writing or electronic. Standard format is as follows: <ul style="list-style-type: none"> o Single-family and Detached PUDs -- Uniform Residential Appraisal Form (Fannie Mae Form 1004/Freddie Mac Form 70, dated 2005); AND o Market Conditions Addendum to the Appraisal Report – Uniform Residential Appraisal Form (Fannie Mae Form 1004MC/Freddie Mac Form 71, dated March 2009) • 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)
CMG MI Coverages and Premiums	<ul style="list-style-type: none"> • All premium plans are available for construction-to-permanent loans • In order for a claim to be paid for a construction-to-permanent loan, the insurance must be in-force with the premiums paid and the construction must be completed according to the construction plans and specifications on which the appraisal was based • For information regarding CMG MI rates and surcharges, please refer to our most current published rate sheets on our Web site at www.cmgmi.com • When CMG MI Single Premium is financed, the maximum CLTV is 105% and is subject to state restrictions