

The CMG MI Credit Risk Bulletin

Bulletin #5-10 - May 2010



CMG Mortgage Insurance Company

Summary of Eligibility and Guideline Changes Effective June 7, 2010

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 mortgage insurance products that support sustainable homeownership. As a result of our latest review, we are announcing changes our Conforming and Non-Conforming Program, Construction-To-Permanent Program and Distressed Markets Policy, **effective June 7, 2010**.

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

- **Territorial Underwriting Guidelines – Until the Departments of Insurance (DOIs) in the states approve the rate filing for the rates effective 6/7/10, there is a minimum 680 loan representative credit score requirement**
 - Until the Departments of Insurance (DOIs) approve the rate filing for the rates effective 6/7/10, there is a minimum loan representative credit score requirement in addition to the nationwide underwriting requirements
 - Minimum 680 loan representative credit score
 - The territorial minimum loan representative credit score requirement will no longer apply after the respective state's DOIs have approved the rate filing. Please visit www.cmgmi.com/rates for updated rate sheets and rate filing state status.
- **LTV/Loan Amount – Lower minimum loan representative credit score to 660**
 - **Loan Amounts up to \$417,000**
 - Owner-Occupied
 - 95% LTV to \$417,000
 - Minimum 680 loan representative credit score
 - ❖ All other guidelines apply

Summary of Eligibility and Guideline Changes Effective June 7, 2010 (cont'd)

- 95% LTV to \$417,000
 - Minimum 660 loan representative credit score
 - ❖ Purchase & Rate/Term Refinance
 - ❖ 1-unit single-family detached and attached
 - ❖ Maximum 41% debt ratio, regardless of DU or LP recommendations
- **Eligible Properties – Condominiums and co-ops eligible as second homes**
 - Second Home
 - 1-unit single-family detached and attached
 - Condominiums must be Fannie Mae/Freddie Mac warrantable
 - Co-ops subject to the CMG MI Cooperative Housing Master Policy filed with state DOIs
 - Ineligible: 2-4 units, manufactured homes, condotels, timeshare/interval ownership, mixed use, builder inventory and spec homes, and third party originations

Changes to Construction-To-Permanent Guidelines

- **Introduction – Remove Note reference to limited documentation**
 - The CMG MI Construction-To-Permanent Program is designed to insure loans to borrowers with a minimum loan representative credit score of 680
 - If certificate of occupancy has been issued, loan is not eligible for the Construction-To-Permanent Program
- **Overview: CMG MI Mortgage Insurance – Clarification regarding ineligibility for MI if there is a 30 day delinquency on the construction loan during the construction phase**
 - Mortgage insurance coverage on the permanent loan is ineligible if the borrower has any 30 day delinquencies on the construction loan during the construction phase
- **LTV/Loan Amount – Increase maximum loan amount for 90% LTV to \$729,750**
 - Loan Amounts up to \$417,000
 - Owner-Occupied
 - 95% LTV to \$417,000
 - Minimum 680 loan representative credit score
 - Loan Amounts > \$417,000
 - Owner-Occupied
 - 90% LTV to \$625,500
 - Minimum 700 loan representative credit score
 - 90% LTV to \$729,750
 - Minimum 720 loan representative credit score

Changes to Distressed Markets Policy

Effective 6/7/10, CMG MI announces the **elimination** of its Tier 1 Distressed Markets Policy. These distressed markets will follow Conforming & Non-Conforming Program guidelines. The Tier 2 Distressed Markets Policy will remain and be renamed as Distressed Markets Policy. The Distressed Markets Policy covers those Distressed Markets which are projected to continue to experience more significant economic and/or housing downturns and are expected to take longer to improve.

Changes to Distressed Markets Policy

- **LTV/Loan Amount – For LTVs with loan amounts up to \$417,000, lower minimum loan representative credit score requirement to 680. For loan amounts greater than \$417,000, allow LTVs up to 90% LTV, including properties located in Arizona, Florida, Michigan, Nevada, and California MSA/MSADs**
 - Loan Amounts up to \$417,000
 - Maximum 90% LTV/CLTV to \$417,000
 - Minimum 680 loan representative credit score
 - Loan Amounts > \$417,000
 - Maximum 90% LTV/CLTV to \$625,500
 - Properties located in Arizona, Florida, Michigan, Nevada, and California MSA/MSADs
 - Minimum 760 loan representative credit score
 - Properties located in all other MSA/MSADs
 - Minimum 740 loan representative credit score

To determine if a property is subject to the CMG MI Distressed Markets Policy, please visit the CMG MI ZipMap at <http://www.cmgmi.com/map>. Additional information regarding the CMG MI Distressed Markets Policy is available at: www.cmgmi.com/distressed_markets.

The above is only a summary of the guideline changes effective June 7, 2010. 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