



PMI Mortgage Insurance Co.  
PMI Insurance Co.

PMI Plaza  
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August 30, 2007

**RE: Borrower-Paid Mortgage Insurance Rate and Guideline Changes Effective October 1, 2007**

Dear Valued Customer:

PMI continues to support your ability to facilitate sustainable homeownership for qualified borrowers in the high-LTV market (95.01% and above). We monitor the performance of our products and, as needed, make changes. **Effective October 1, 2007**, we are adjusting rates (pending state approvals) and guidelines for our borrower-paid mortgage insurance to reflect recent and anticipated trends in the mortgage market. The changes are as follows:

- **New Categories for Standard Rates for Loans with LTVs of 95.01% and Above**
  - **New LTV Categories**

PMI will be separating the current LTV category of 95.01% and above into two categories:

    - **LTV 97.01% and above**
    - **LTV 95.01% to 97%**
  - **New FICO® Categories**

PMI will be separating the current 620+ FICO category for LTVs of 95.01% and above into two categories:

    - **FICO score 660 and above**
    - **FICO score 620 to 659**
- **New Rate Changes & Adjustments**
  - **Monthly/pmiNU MONTHLY<sup>SM</sup> & A-Minus loans with LTVs of 95.01% and above**
    - Please see highlighted changes, including rate adjustments, on attached rate sheets.
  - **A-Minus & Expanded Criteria Rates**
    - PMI will **no longer** insure loans with LTVs of 95.01% and above that receive Desktop Underwriter® EA II, EA III, Refer with Caution, Refer with Caution Level IV, and Loan Prospector® Caution and A-Minus Caution recommendations.
- **New Guideline Changes for Interest-Only Loans**
  - PMI will **no longer** insure interest-only loans with LTVs of 97.01% and above.
  - PMI **will** insure interest-only loans with LTVs of 95.01% to 97% that are:
    - Originated in compliance with a Fannie Mae® or Freddie Mac® product or program, **and**
    - Have a minimum interest-only term of five (5) years, **and**
    - The borrower is qualified at the fully amortizing payment rate.
- **New Guideline Changes for Borrowers with Nontraditional Credit**
  - PMI will **no longer** insure loans with LTVs of 97.01% and above for borrowers who have nontraditional credit.

(continued)

➤ **New Guideline Changes for Loans with LTVs of 95.01% and Above**

- **In this category, PMI will no longer insure loans that have any of the following features:**
  - FICO score less than 620
  - Cooperatives, 3-4 units, or manufactured housing

We've attached a high-LTV underwriting reference chart that summarizes the changes detailed in this letter. Complete PMI underwriting guidelines are located at [www.pmi-us.com/resourcecenter](http://www.pmi-us.com/resourcecenter) and the changes will be posted on our website no later than October 1. Where relevant, these changes also apply to any loan programs previously approved by PMI, effective October 1. Please also note that the attached rate sheets do not include all loan scenarios. Our online Rate Quote calculator ([www.pmi-us.com/ratequote](http://www.pmi-us.com/ratequote)) will include this new rate information beginning October 1.

PMI is committed to achieving affordable, responsible and sustainable homeownership in the communities we serve, and we appreciate the opportunity to work with you to achieve this goal. If you have any questions, please contact your PMI representative or call **800.966.4PMI (4764)**.

Sincerely,



David H. Katkov  
President and Chief Operating Officer

Attachments: Two (2) Rate Sheets  
High-LTV Reference Chart