

PMI DISTRESSED MARKETS POLICY EFFECTIVE 5.23.11

It is critical to review and analyze the appraisal to ensure that the property value is supported before implementing the PMI Distressed Markets Policy. A poorly performed, inaccurate, or incorrect appraisal is not corrected by a reduction in the loan-to-value (LTV).

		FULL DOC						
		STANDARD			JUMBO LOANS*			
Owner-Occupied Purchase or Rate/ Term Refinance	DISTRESSED LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	MAX DTI	LOAN AMOUNT	MIN CREDIT SCORE	MAX DTI	
	1 Unit SFD (attached ¹ & detached, condos, ¹ & PUDs)	95/95	\$417,000	720	45	NOT ELIGIBLE		
90/90		\$417,000	680	45	\$417-001-\$625,500	740	45	
90/90					\$729,750*	740	45	
85/85		\$417,000	680	45	\$417-001-\$625,500	740	45	
85/85					\$729,750*	740	45	
Co-ops		85/85	\$417,000	680	45	\$417,001-\$625,500	740	45
	85/85				\$729,750*	740	45	
2 Units	95/95	\$533,850	720	45	NOT ELIGIBLE			
	90/90	\$533,850	680	45	NOT ELIGIBLE			
	85/85	\$533,850	680	45	NOT ELIGIBLE			
Cash-Out Refinance		NOT ELIGIBLE			NOT ELIGIBLE			

* FHFA high-cost areas only

PMI's Distressed Markets are defined when one of the following indicators is present:

- The subject property is located in a state, MSA/MSAD, or non-MSA area on the **PMI Distressed Markets List**
 - If the lender can provide documentation that the property is not in a declining market, it can be considered for insurance by submitting the loan to the National Underwriting Center.
- The declining property value box is checked on the appraisal report.
 - A property can be considered for insurance using PMI's standard guidelines when the declining property value box is checked on the appraisal by submitting the loan to the National Underwriting Center.

The value of the subject property must be well supported; therefore, we recommend obtaining the following with the origination appraisal report.

- At least two comparable sales that have closed within the last 90 days prior to the effective date of the appraisal, **and**
- A current listing of a comparable property to demonstrate the subject property's neighborhood is not continuing to decline, **and**

- A 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.

The following are not eligible for mortgage insurance:

- Attached housing (condominiums, attached PUDs, co-ops, townhomes and rowhouses) in the state of Florida
- ARMs with an initial fixed period of less than 5 years
- Interested Party Contributions greater than 3%
- Manufactured housing
- 3- to 4-unit properties
- Reduced Appraisal Forms 2055 Exterior only, drive-by inspections, Property Inspection Waivers (PIW)/Alternatives (PIA)
- Third Party Originations
- Cash-out Refinances
- Interest-only loans
- Limited documentation loans
- Investment property
- Second home
- Borrowers with nontraditional credit
- Construction-permanent loans

- Rehabilitation loans
- Potential negative amortization mortgages
- Scheduled negative amortization loans
- Option Payment mortgages
- New condominium projects

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

To access this document electronically:

- Go to www.pmi-us.com
- Select "Resource Center" and scroll to the middle
- Select "Underwriting Guidelines" and scroll to the middle
- Click on "Distressed Markets Policy" www.pmi-us.com/resourcecenter/mi_guidelines.html

To determine if a subject property is located in a PMI Distressed Market, go to ZipMap at www.pmi-us.com/map and enter the property's ZIP code.