



PMI Mortgage Insurance Co.
PMI Insurance Co.

PMI Plaza
3003 Oak Road
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Direct: (800) 288-1970
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March 19, 2008

Re: Mortgage Insurance Guideline Changes *Effective April 15, 2008*

Dear Valued Customer:

In alignment with the Economic Stimulus Act of 2008, PMI is pleased to announce our participation in the insurance of "conforming jumbo" loan amounts. Our guidelines have been modified to reflect separate conforming (up to \$417,000) and conforming jumbo (\$417,001 - \$650,000) loan amount eligibility. Higher loan amounts (\$650,001 - \$729,750) are available for those property locations identified on the HUD Fannie/Freddie list.

The attached Guideline Changes Overview also clarifies our streamlined refinance policy. We continue our commitment to streamlining refinances that improve the borrower's position on PMI-insured loans.

Additionally, we are making some guideline changes in areas representing potential layering of risk, such as investor, limited documentation, and interest-only loans, as well as property types such as 3- to 4-units, co-ops, and manufactured homes. Please see the attached documents below for complete details. It is important to note that our guidelines now apply to all loans regardless of AUS decision or recommendation.

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

Sincerely,

A handwritten signature in black ink that reads "Joanne Berkowitz".

Joanne Berkowitz
Executive Vice President
Risk Management & Operations

Attachments below: Guideline Changes Overview
Owner-Occupied, Second Home, Investment Property Matrices



Guideline Changes Overview Effective April 15, 2008

The following changes supersede any guidelines previously approved by PMI.

Automated Underwriting Systems (AUS)

- PMI LTV and FICO® score requirements are effective regardless of any Automated Underwriting System (AUS) decisions or recommendations

Loan Matrices

- PMI has established separate Conforming (up to \$417,000) and Jumbo (\$417,001 - \$650,000) loan amount and FICO score criteria
 - Loan amounts from \$650,000 - \$729,750 are available for properties located in HUD-identified high cost markets (click [here](#) for HUD list*)

Streamlined Refinance

- Streamlined Refinance loans must be currently insured with PMI to qualify for new insurance
- PMI may consider insuring the new loan without implementing these guideline changes if the loan currently being refinanced improves the borrower's and PMI's positions
 - The loan must be submitted to the Regional Operations Centers for review and approval

Distressed Markets Policy

- Cash-out Refinance loans are no longer eligible
- Investment properties are no longer eligible
- Limited Documentation loans are no longer eligible

Owner-Occupied

Full Documentation Loans

- Manufactured Homes, Co-ops and 2-unit properties are eligible to a maximum 90% LTV
- Cash-out Refinance loans are eligible to a maximum 90% LTV, minimum 680 FICO score

Owner-Occupied (CONT.)

Full Documentation Loans

- Jumbo loan amounts are eligible to a maximum 90% LTV, minimum 700 FICO score
- Cash-out Refinance loans for Manufactured Homes and Co-ops are no longer eligible
- 3- and 4-unit properties are no longer eligible

Limited Documentation Loans

- SISA loans are eligible with a minimum 700 FICO score
- 2-unit SISA loans are no longer eligible
- Cash-out Refinance loans are no longer eligible

Second Homes

Full Documentation Loans

- Manufactured Homes and Co-ops are eligible to a maximum 90% LTV, minimum 680 FICO score
- Cash-out Refinance loans are no longer eligible

Limited Documentation Loans

- SIVA and VISA loans are eligible with a minimum 700 FICO score
- SISA loans are no longer eligible

Investment Properties

- 1- and 2-unit properties are eligible with a maximum loan amount of \$417,000 for 1-unit properties and \$533,850 for 2-unit properties, minimum 680 FICO score
- Cash-out Refinance loans are no longer eligible
- 3- and 4-unit properties are no longer eligible
- Interest-only loans are no longer eligible

Interest-Only Loans

- Borrowers must qualify using the full principal, interest, taxes and insurance payment (PITI)
- Maximum loan amounts are \$417,000 for 1-unit properties and \$533,850 for 2-unit properties, minimum 680 FICO score
- Investment properties are no longer eligible
- 2-unit properties with Limited Documentation are no longer eligible
- Cash-out Refinance loans are no longer eligible for Co-ops or Limited Documentation

Potential Negative Amortizing ARMs and Option Payment Mortgages

- No longer eligible

pmiAFFORDABLE

- LTVs of 95.01% - 97% are eligible with a minimum 680 FICO score, regardless of AUS decision
- Nontraditional credit loans are eligible to a maximum 95% LTV

Manufactured Homes

- Singlewide properties are no longer eligible regardless of DU/LP recommendation

General Underwriting Guidelines

- The maximum number of insured loans for one borrower is three loans, with a maximum risk exposure of \$300,000



* <https://entp.hud.gov/idapp/html/hicostlook.cfm>

Effective 4/15/08

PURCHASE & RATE/ TERM REFINANCE

	FULL DOC STANDARD				FULL DOC CONFORMING JUMBO				LIMITED DOC SIVA, VISA 2,3			LIMITED DOC SISA 2,3		
	LTV/CLTV	REDUCED LTV/CLTV 1	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	REDUCED LTV/CLTV 1	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE
1 Unit SFD (attached, detached, condos & PUDs)	97/97	90/90	\$417,000	680	97/97		NOT ELIGIBLE		97/97		NOT ELIGIBLE	97/97		NOT ELIGIBLE
	95/95	90/90	\$417,000	620	95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE
	90/90	*	\$417,000	620	90/90	85/85	\$417,001-\$650,000 4	700	90/90	\$417,000	660	90/90	\$417,000	700
	85/85	*	\$417,000	620	85/85	*	\$417,001-\$650,000 4	700	85/85	\$417,000	660	85/85	\$417,000	700
Manufactured Housing	95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE
	90/90	85/85	\$417,000	660	90/90		NOT ELIGIBLE		90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE
	85/85	*	\$417,000	660	85/85		NOT ELIGIBLE		85/85		NOT ELIGIBLE	85/85		NOT ELIGIBLE
Co-ops	95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE
	90/90	85/85	\$417,000	620	90/90		NOT ELIGIBLE		90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE
	85/85	*	\$417,000	620	85/85		NOT ELIGIBLE		85/85		NOT ELIGIBLE	85/85		NOT ELIGIBLE
2 Units	95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE		95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE
	90/90	85/85	\$533,850	620	90/90		NOT ELIGIBLE		90/90	\$533,850	680	90/90		NOT ELIGIBLE
	85/85	*	\$533,850	620	85/85		NOT ELIGIBLE		85/85	\$533,850	680	85/85		NOT ELIGIBLE
3-4 Units			NOT ELIGIBLE			NOT ELIGIBLE				NOT ELIGIBLE			NOT ELIGIBLE	

* LTV/CLTV reduction not required.

CASH-OUT REFINANCE 5

	FULL DOC STANDARD 3			FULL DOC CONFORMING JUMBO 3			LIMITED DOC SIVA, VISA 2,3			LIMITED DOC SISA 2,3		
	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE
1 Unit SFD (attached, detached, condos & PUDs)	95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE
	90/90	\$417,000	680	90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE
	85/85	\$417,000	680	85/85		NOT ELIGIBLE	85/85		NOT ELIGIBLE	85/85		NOT ELIGIBLE
Manufactured Housing			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE
Co-ops			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE
2 Units	95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE	95/95		NOT ELIGIBLE
	90/90	\$533,850	680	90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE
	85/85	\$533,850	680	85/85		NOT ELIGIBLE	85/85		NOT ELIGIBLE	85/85		NOT ELIGIBLE
3-4 Units			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE

Footnotes: 1. Distressed Markets Policy applies to maximum financing for programs and products as reflected in this column.

2. No Ratio, NIVA, NINA, and No Doc are not eligible.

3. Not eligible for properties subject to PMI's Distressed Markets Policy.

4. Loan amounts from \$650,001 to \$729,750 are available for properties located in HUD identified high cost markets.

5. Maximum cash-out \$150,000.

LOAN FEATURES:

INTEREST ONLY

- Minimum credit score - 680
- Maximum 95% LTV - Full Doc; reduced LTV 90%
- Maximum 90% LTV - Limited Doc; reduced LTV 85%
- Maximum loan amount - 1 unit \$417,000; 2 unit - \$533,850
- Minimum Interest Only term - 5 years
- Maximum Interest Only term - 15 years
- 1-2 units only

INELIGIBLE FOR INTEREST ONLY:

- Temporary buydowns
- Balloon mortgages
- 2 unit Limited Doc properties
- Manufactured homes and 3-4 units
- Co-op cash-out refinances
- Limited Doc cash-out refinance
- Conforming jumbo

POTENTIAL NEGATIVE AMORTIZATION ARMs and OPTION PAYMENT MORTGAGES are NOT ELIGIBLE

DOCUMENTATION TYPE DESCRIPTIONS

	INCOME	ASSETS	EMPLOYMENT
Full DU*/LP/Approved - AUS	Verified Stated and Sometimes Verified	Verified Stated and Sometimes Verified	Verified Verified
Stated - SISA	Stated	Stated	Verified
Stated - SIVA	Stated	Verified	Verified
Stated - VISA	Verified	Stated	Verified

Effective 4/15/08

PURCHASE & RATE/ TERM REFINANCE

	FULL DOC STANDARD				LIMITED DOC SIVA, VISA 2, 3			LIMITED DOC SISA 2, 3		
	LTV/CLTV	REDUCED LTV/CLTV ¹	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE
1 Unit SFD (attached, detached, condos & PUDs)	95/95			NOT ELIGIBLE	95/95		NOT ELIGIBLE	95/95		
	90/90	85/85	\$417,000	660	90/90	\$417,000	700	90/90		NOT ELIGIBLE
	85/85	*	\$417,000	660	85/85	\$417,000	700	85/85		NOT ELIGIBLE
Manufactured Housing	95/95			NOT ELIGIBLE	95/95			95/95		
	90/90	85/85	\$417,000	680	90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE
	85/85	*	\$417,000	680	85/85			85/85		
Co-ops	95/95			NOT ELIGIBLE	95/95			95/95		
	90/90	85/85	\$417,000	680	90/90		NOT ELIGIBLE	90/90		NOT ELIGIBLE
	85/85	*	\$417,000	680	85/85			85/85		
2-4 Units			NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE	

* LTV/CLTV reduction not required.

CASH-OUT REFINANCE

	FULL DOC STANDARD			LIMITED DOC SIVA, VISA			LIMITED DOC SISA		
LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	LTV/CLTV	LOAN AMOUNT	MIN CREDIT SCORE	
		NOT ELIGIBLE			NOT ELIGIBLE			NOT ELIGIBLE	

LOAN FEATURES:

INTEREST ONLY

- Minimum credit score - 680
- Maximum 90% LTV; reduced LTV 85%
- Maximum loan amount - 1 unit \$417,000
- Minimum Interest Only term - 5 years
- Maximum Interest Only term - 15 years

INELIGIBLE FOR INTEREST ONLY:

- Temporary buydowns
- Balloon mortgages
- Cash-out refinances
- Manufactured homes and 2-4 units

**POTENTIAL NEGATIVE AMORTIZATION
ARMs and OPTION PAYMENT
MORTGAGES are NOT ELIGIBLE**

Footnotes: 1. Distressed Markets Policy applies to maximum financing for programs and products as reflected in this column.

2. No Ratio, NIVA, NINA, and No Doc are not eligible.

3. Not eligible for properties subject to PMI's Distressed Markets Policy.

DOCUMENTATION TYPE DESCRIPTIONS

Full
DU®/LP/Approved - AUS

Stated - SISA
Stated - SIVA
Stated - VISA

INCOME

Verified
Stated and
Sometimes Verified

Stated
Stated
Verified

ASSETS

Verified
Stated and
Sometimes Verified

Stated
Verified
Stated

EMPLOYMENT

Verified
Verified

Verified
Verified
Verified

Effective 4/15/08

PURCHASE & RATE/ TERM REFINANCE

	LTV/ CLTV	FULL DOC ¹	
		LOAN AMOUNT	MIN CREDIT SCORE
1 Unit SFD <small>(attached, detached, condos & PUDs)</small>	95/95	NOT ELIGIBLE	
	90/90	\$417,000	680
	85/85	\$417,000	680
Manufactured Housing & Co-ops	95/95		
	90/90	NOT ELIGIBLE	
	85/85		
2 Units	95/95	NOT ELIGIBLE	
	90/90	\$533,850	680
	85/85	\$533,850	680
3-4 Units		NOT ELIGIBLE	

LOAN FEATURES:
INTEREST ONLY ■ NOT ELIGIBLE
OPTION PAYMENT MORTGAGE ■ NOT ELIGIBLE
POTENTIAL NEGATIVE AMORTIZATION ARMs ■ NOT ELIGIBLE

CASH-OUT REFINANCE

LTV/ CLTV	FULL DOC	
	LOAN AMOUNT	MIN CREDIT SCORE
		NOT ELIGIBLE

Footnote: 1. Not eligible for properties subject to PMI's Distressed Markets Policy.

DOCUMENTATION TYPE DESCRIPTIONS

Full
DU®/LP/Approved - AUS

INCOME	ASSETS	EMPLOYMENT
Verified Stated and Sometimes Verified	Verified Stated and Sometimes Verified	Verified Verified