

MGIC announces new Delegated Guidelines for Loan Modifications

MGIC offers servicers the authority to approve or complete loan modifications and other loss mitigation workouts that meet our Guidelines for Delegated Authority. These Delegated Guidelines apply to loans with primary coverage and supplemental (pool or second layer) coverage.

MGIC offers delegated authority to help you streamline your default servicing processes; *however, we reserve the right to revoke this delegation on notice.*

New Delegated Guidelines for Loan Modifications

The following Delegated Guidelines allow you to perform loan modifications without MGIC approval. Loans that do not meet Delegated Guidelines may still be approved for modification; you just need to submit the package to MGIC for approval.

These new guidelines will be incorporated into our Default Servicing Guide, starting **May 1**.

▶ **Please make any required adjustments to your internal systems and processes by that date.**

<p>Delegated Guidelines for Loan Modifications</p>	<p>▶ New Delegated Guidelines apply to loan modifications starting May 1, 2010.</p> <p>You have delegated authority to perform loan modifications that meet these criteria:</p> <ul style="list-style-type: none"> ▪ The interest rate must not increase. ▪ The modified loan term must be fully amortizing and may be extended up to 50 years from the original loan date. ▪ You can capitalize claimable interest and expenses on delinquent loans, as long as the modified unpaid principal balance (UPB) does not exceed 105% of the original UPB. ▪ The principal and interest (P & I) portion of the payment must be reduced and result in a monthly payment that the borrowers can afford: <ul style="list-style-type: none"> - If the P & I is reduced by 10%, you can capitalize up to 6 payments on loans insured under a primary policy. - If the P & I is reduced by 20%, you can capitalize from 7 to 12 payments on loans insured under a primary policy. - For any policy with pool coverage, you may capitalize up to 6 payments if the P & I is reduced by 30%. <ul style="list-style-type: none"> ▶ Capitalization on loans that were secured in a pool with an MGIC credit enhancement will not be covered.
<p>Reporting Requirements</p>	<p>Report completed modifications that meet Delegated Guidelines to MGIC within 30 days of the modification effective date.</p> <p>All loan modification reporting can be submitted through MGIC/Link Servicing. To sign up, go to www.mgic.com/signup.</p> <p>▶ It is your responsibility as a servicer and a condition to MGIC’s delegated authority to provide <i>monthly</i> reporting of completed loan modifications.</p>

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More changes to come

MGIC will soon publish its updated Default Servicing Guide, which will incorporate guidelines published in this bulletin. The Guide will also include reporting requirements, Delegated Guidelines for additional loss mitigation workout options and enhancements to submission options.

Note: If you have questions regarding coverage and noncoverage scenarios, contact MGIC Customer Service.

For more information

Contact MGIC Customer Service with questions, customer_service@mgic.com or 1-800-424-6442.

See our [MGIC/Link Servicing features flyer](#). To sign up for MGIC/Link Servicing, go to www.mgic.com/signup.