



Non-HARP Same Insured/Servicer RTM Program Q & A

MGIC's Non-HARP Same Insured/Servicer RTM Program offers a quick and easy way to provide flexible refinance options to borrowers. As the name suggests, this program combines a lender refinance with a modification of the existing mortgage insurance. This combination allows for the greatest underwriting flexibility.

The Non-HARP Same Insured/Servicer RTM Program is only available to lenders that are the current Insured/Servicer of the Original Loan. The following Q & As are specific to the Non-HARP Same Insured/Servicer RTM Program.

Throughout this Q & A, the term **Original Loan** refers to the existing insured loan and **Refinance Loan** refers to the new loan the borrower is seeking.

General Q & A

Q: Can a lender other than the current Insured/Servicer submit loans under this RTM Program?

A: No, the request for the Modification Commitment/Certificate must come from the current Insured/Servicer.

- The originator may be different than the current Insured/Servicer, provided the Refi-to-Mod Request comes from the current Insured/Servicer.
- If the Insured of record uses a subservicer, the Refi-to-Mod Request must come from the Insured.

Q: Do the Insured/Servicer's representations regarding the Original Loan continue in effect?

A: Yes, MGIC continues to rely on the truth and accuracy of the information that was represented to MGIC in connection with insuring the Original Loan. The Insured/Servicer is required to have and maintain all information relating to the origination and servicing of the Original Loan, which must be provided to MGIC, if requested, per the terms and conditions of the Master Policy. In addition, MGIC is relying upon the Insured/Servicer's representations in the Refi-to-Mod Request form and accompanying documents.

Q: If the Original Loan is currently subject to a Captive Reinsurance agreement with MGIC, will the Refinance Loan remain in the Captive?

A: Yes, because this is a continuation of coverage, the Refinance Loan remains subject to the Captive Reinsurance agreement, and MGIC will continue to pay the applicable reinsurance premium.

- Q:** Will MGIC Mortgage Services, LLC (MMSL), contract underwrite Refinance Loans for the RTM Program?
- A:** Yes, MMSL will accept Refinance Loans for contract underwriting through our Contract Underwriting Solutions team. If you are interested in obtaining contract underwriting services for the HARP RTM Program, please contact your MGIC Account Manager.
- Q:** How does the origination of the Refinance Loan impact the potential contract underwriting liability of MGIC Investor Services Corporation (MISC) associated with the Original Loan?
- A:** Any liability MISC may have had for the contract underwriting of the Original Loan will be extinguished upon payoff of the Original Loan.

MI Premiums Q & A

- Q:** Can the premium amount change?
- A:** Yes, while the premium rate does not change, that rate is applied to the Refinance Loan balance. In instances where the loan balance increases, the premium amount will increase. If there has been a principal curtailment and the Refinance Loan balance decreases, then the premium amount will decrease.
- Q:** How are BPMI and LPMI loans with single premiums treated?
- A:** MGIC will waive the premium on increased loan balances where a single premium was paid.
- Q:** Will the refinance affect the pro-rated refund schedule for BPMI singles?
- A:** No, refunds under our BPMI program are based on the certificate effective date of the Original Loan and the payoff date of the Refinance Loan.
- Q:** What happens to the premium change date with constant renewals?
- A:** The Insured's refinance transaction resets the renewal rate timing. The refinance closing date should be used to calculate the 10-year constant renewal period for disclosure purposes.
- Q:** What happens if a loan with constant renewals has already adjusted?
- A:** If the loan was already in the 11th year and the premium had adjusted, the adjusted premium will remain in place.

Underwriting Q & A

- Q:** Is any cash back to the borrower allowed at closing?
- A:** The borrower can receive up to \$250 cash back at closing. Cash back greater than \$250, as identified on the HUD-1, must be applied as a principal curtailment to the Refinance Loan.
- Q:** What costs can the Refinance Loan balance include?
- A:** The Refinance Loan balance can include the unpaid principal balance of the Original Loan plus reasonable and customary closing costs not to exceed 4% of the unpaid principal balance of the Original Loan amount or \$5,000, whichever is lower.
- Q:** Can the borrower's monthly payment increase?
- A:** Yes, in some circumstances. However, in all cases, the borrower's ability to repay the loan must be improved.

Q: What are some examples of how the borrower's ability to repay might be improved?

A: The following are some examples (this list is not all-inclusive):

- a lower interest rate that results in a lower monthly payment
- replacing a higher-risk loan instrument with a more stable one, such as going from an ARM to an FRM
- a change in term (which may result in an increased payment) that does not compromise the borrower's ability to repay the loan

Q: Can a loan have a 30-day late in the past 12 months?

A: Yes, the loan is eligible for the RTM Program, as long as it is current when the Refi-to-Mod Request is submitted and when the Refinance Loan closes.

Submission Process Q & A

Q: How does the RTM submission process differ from current new insurance submission processes?

A: There are three available submission options available under our New Insured/Servicer RTM program. They are:

1. The Loan Center (MGIC's secure center for submitting electronic data), or
2. The Loan Center (MGIC's secure center for submitting electronic documents), or
3. Fax the documents to our local underwriting office.

Q: Will MGIC issue a new Commitment/Certificate?

A: No, a Modification Commitment/Certificate will be issued. MGIC will process Refinance Loans as modifications to the insurance coverage on the Original Loan.

Q: How will a Modification Commitment/Certificate differ from a Commitment/Certificate?

A: A Modification Commitment/Certificate will look very similar to a Commitment/Certificate. It will show any premium due at closing and a schedule for any future premium due. The Modification Commitment/Certificate also will show an effective date and an expiration date.

Q: How do I activate the Modification Commitment/Certificate?

A: Any of the methods currently used to activate insurance coverage can be used to activate the Modification Commitment/Certificate. These include:

- Mailing the premium along with the Modification Notice, or
- Using MGIC/Link, or
- Using The Loan Center, or
- Using a Loan Boarding transaction direct from the servicing system, if available from the servicing system provider

Q: How does the activation of the Modification Commitment/Certificate affect the premium?

A: The process varies by premium type:

- ZOMP! – If premium on the Original Loan has been prepaid (paid in advance), a premium adjustment will be returned to you. If premium on the Original Loan is due, you will be billed through the month in which the Refinance Loan closed. The Modification Commitment/Certificate will show the premium schedule under which you will be billed monthly for the Refinance Loan.
- Standard Monthlies – If premium on the Original Loan has been prepaid, a premium adjustment will be returned to you. If premium on the Original Loan is due, you will be billed

through the month in which the Refinance Loan closed. The Modification Commitment/Certificate will show the premium due at closing and the premium schedule under which you will be billed monthly for the Refinance Loan.

- Annual premiums – A premium adjustment will be returned to you for that portion of the prepaid annual premium that covers the period from the closing date of the Refinance Loan to the next Anniversary Date of the Original Loan. The Modification Commitment/Certificate will show the premium due to activate the modification and continue the coverage. The annual premium rate will be the second year rate of the Original Loan.
- Singles – Until we announce a change, there will be no premium adjustments and no additional premium will be due.
- Splits – The monthly portion of a Split will be processed the same as ZOMP!

Q: Our systems are set to automatically cancel the MI on the loan being refinanced. Do we need to adjust our systems?

A: No, as long as you have submitted an RTM request and received a Modification Commitment/Certificate, we will flag the loan in our system. If you do not activate the Modification Commitment/Certificate before it expires, we will contact you to determine whether the Refinance Loan closed.