

PMI-to-PMI Refinance-to-Modification (RTM) New Lender/Servicer Program

PMI Frequently Asked Questions

PMI is pleased to introduce its PMI-to-PMI Refinance-to-Modification (RTM) New Lender/Servicer Program. This program offers flexible refinance options to allow a different lender/servicer to refinance an existing PMI-insured loan. This includes HARP for GSE-owned loans as well as Refinance-to-Modification for loans owned by other investors.

The term “Existing Loan” refers to the existing PMI-insured loan and “Refinance Loan” refers to the new loan.

PROGRAM ELIGIBILITY

Q1: Who is eligible to submit loans under the PMI-to-PMI RTM New Lender/Servicer program?

A1: Any lender/servicer is eligible to submit loans under the PMI-to-PMI RTM New Lender/Servicer program, provided the Existing Loan is currently insured by PMI and the Refinance Loan will be serviced by a new servicer. Correspondents can originate Refinance Loans through their Retail Origination channel and must close the Refinance Loan in their name.

Q2: Can a TPO originated loan be submitted under the RTM Program?

A2: PMI’s current TPO policy has not changed. However, we are allowing loans under the RTM Program to be originated by TPOs as long as the new lender/servicer submits the MI Modification Request. PMI defines a TPO as a broker or correspondent who originates the loan package and does not close the loan in their own name.

Q3: Why has PMI changed its policy for TPO originations for the RTM Program?

A3: Because PMI is committed to making HARP refinances easily available to all borrowers with PMI insured loans regardless of the origination source. Our initial policy regarding TPO originations has been amended as detailed above. However, PMI is not changing our policy with regard to the maximum amount of financed closing costs.

Q4: What are the eligibility requirements for loans submitted under the PMI-to-PMI RTM New Lender/Servicer program?

A4: The eligibility requirements for loans include the following:

- The refinance will be for an existing PMI-insured loan; **and**
- The coverage percentage and premium rate remain unchanged from the Existing Loan; **and**

- The maximum amount of closing costs that can be financed is:
 - For loan amounts **less than or equal to** \$417,000 – 4% of the Existing Loan’s unpaid principal balance plus accrued interest or \$5,000, whichever is less,
 - For loan amounts **greater than** \$417,000 – 4% of the Existing Loan’s unpaid principal balance plus accrued interest or \$10,000, whichever is less.

Examples:

A	B	C	D	E	F	
UPB	Accrued Interest	Sum (A + B)	4% of Sum (4% x C)	Fixed Amount	Max. Financed Closing Costs (Lesser of D or E)	Max. Refinance Loan Amount (C + F)
\$235,487.17	\$2,032.49	\$237,519.66	\$9,500.79	\$5,000.00	\$5,000.00	\$242,519.66
\$525,530.00	\$1,801.20	\$527,331.20	\$21,093.25	\$10,000.00	\$10,000.00	\$537,331.20

- The borrower may receive no more than \$250 cash back at closing. All other funds must be applied as a principal curtailment on the Refinance Loan; **and**
- The Existing Loan is current, seasoned for at least 12 months, and has no more than 1x30 late, with 0x30 late in last 90 days; **and**
- Any outstanding premiums on the Existing Loan must be paid prior to the activation of the modification.

Q5: Does PMI require that the Refinance Loan improves the borrower’s ability to repay the loan?

A5: Yes, examples of improving the borrower’s financial position should include at least one of the following:

- A reduction in the mortgage payment, interest rate or principal balance; **or**
- An extension of the ARM fixed-payment period; **or**
- An extension of the loan or amortization term; **or**
- A more stable payment product.

Q6: Is PMI charging a modification premium under the PMI-to-PMI RTM New Lender/Servicer program?

A6: No, PMI does not charge any additional premiums or other costs.

Q7: Is the PMI-to-PMI New Lender/Servicer RTM Program available only for GSE programs?

A7: No, any loan currently insured with PMI is eligible for consideration in this program.

Q8: Will the MI premium rate or coverage percentage change?

A8: No, the MI premium rate and the coverage percentage will not change for PMI Monthly, pmiNU MonthlySM and annual premium plans. The premium payment amount may change if the new unpaid principal balance of the Refinance Loan has increased or decreased from the Existing Loan's amount, and this new payment amount will be determined by applying the existing premium rate to the new loan amount. However, if the Existing Loan had single premium coverage, no additional premium will be due, even if the loan or insured amount changes.

Q9: If the Existing Loan is currently subject to a Captive Reinsurance agreement with PMI, will the Refinance Loan remain in the Captive?

A9: Yes, this is a continuation of coverage and the Refinance Loan remains subject to the Captive Reinsurance agreement and PMI will continue to pay the applicable reinsurance premium.

Q10: Are there any restrictions on LPMI loans for the PMI-to-PMI RTM New Lender/Servicer Program?

A10: No, but PMI does not allow the lender to switch from LPMI to BPMI or vice versa. LPMI to LPMI is also eligible for Fannie Mae's HARP programs.

UNDERWRITING

Q11: Does PMI underwrite to the GSEs' guidelines?

A11: No, PMI underwrites to PMI's RTM guidelines and does not confirm that the loan meets the GSE's guidelines. The lender/servicer is responsible for making sure that any loan utilizing a GSE program meets that program's guidelines.

Q12: Does PMI have a maximum LTV/CLTV for the PMI-to-PMI RTM New Lender/Servicer program?

A12: No, PMI does not have a maximum LTV/CLTV and supports the recent change by the GSEs to allow 125% LTVs. However, if the loan is owned by a GSE, the lender must meet the LTV/CLTV requirement for those programs.

Q13: For a PMI-to-PMI RTM New Lender/Servicer Refinance Loan, is a new appraisal required?

A13: PMI does not require a new property valuation; however, a GSE-owned loan may have property valuation requirements.

Q14: Is any cash back to the borrower allowed at closing?

A14: Yes, the borrower can receive a maximum of \$250 cash back at closing as a result of rounding or changes based on estimated costs. Any additional cash back identified on the HUD-1 must be applied as a principal curtailment to the Refinance Loan.

Q15: What costs can the Refinance Loan balance include?

A15: The Refinance Loan balance can include the unpaid principal balance plus accrued interest of the Existing Loan plus reasonable and customary closing costs. Please refer to A4 for examples.

Q16: Can the borrower's monthly payment increase?

A16: Yes, in some circumstances. However, if the borrower's new principal and interest payment increases by more than 20% of the existing principal and interest payment, income and employment must be verified and the maximum DTI is limited to 55%. Required income documentation:

- **Salaried borrowers** – minimum of one paystub indicating the most recent 30 days' earnings and year-to-date earnings and a verbal Verification of Employment (VOE).
- **Self-employed or other non-salaried borrowers** – minimum of one year's tax return and a verbal VOE.

Q17: Is there a maximum DTI for the program?

A17: Only if the borrower's P&I payment increases by more than 20% of the current payment, then the maximum DTI PMI will allow is 55%. The GSEs have their own requirements.

Q18: Does PMI have a seasoning requirement for the PMI-to-PMI RTM New Lender/Servicer program?

A18: Yes. PMI requires 12 months seasoning.

Q19: Can a loan have 1x30 mortgage late in the past 12 months?

A19: Yes, the loan is eligible as long as the Existing Loan is current and it has not had a 30 day late payment in the last 90 days.

SUBMISSION PROCESS

Q20: What is the process for determining whether a loan is currently insured by PMI?

A20: To determine if a loan is currently insured by PMI:

1. If the Existing Loan is owned by Fannie Mae, DU® Refi Plus messaging will specify that PMI insures the loan.
2. If the Existing Loan is owned by Freddie Mac, LP messaging will specify that PMI insures the loan.
3. If the Existing Loan is owned by another investor or portfolio lender, please contact PMI Customer Service at **800.366.1143** to determine if the loan is currently insured with PMI.

Q21: How should lenders/servicers submit a loan for the PMI-to-PMI RTM New Lender/Servicer Program?

A21: Lenders/servicers should submit the loan to PMI through their normal mortgage insurance origination channels. The loans must be submitted to PMI prior to the closing date to ensure that the coverage on the Refinance loan is not cancelled. The instructions to notify PMI that the loan falls under PMI-to-PMI RTM New Lender/Servicer Program are as follows:

- **e-PMI®:** In the **Loan Information** section, select PMI to PMI Refi to Mod from the list of drop-down values in the *Loan Purpose* field, as seen below:

The screenshot shows the 'Loan Information' form with a dropdown menu for 'Loan Purpose'. The menu is open, showing various options. 'PMI to PMI Refi to Mod' is highlighted and circled in red. Other options include 'Fully Amortized', 'Fixed Rate/Fixed Pmt.', 'Select', 'Purchase', 'Purchase-Relocation', 'Rate/Term Refinance', 'Cash-Out Refinance', 'Construction-Purchase', 'Construction-Refinance', 'Rehabilitation-Refinance', and 'P&I Refi to Mod Same Servicer'.

Select one of the following *Loan Program* values in the **Mortgage Insurance Information** section, displayed below:

For "HARP" loans submitted by a New Lender/Servicer

- Fannie Mae HARP New Servicer
- Freddie Mac Open Access New Servicer*

* Please note that the Freddie Mac Open Access New Servicer value will only display in the Loan Program drop-down list once Freddie Mac has made this program available.

The screenshot shows the 'Mortgage Insurance Information' form with a dropdown menu for 'Loan Program'. The menu is open, showing various options. 'Freddie Mac Open Access New Servicer' is highlighted and circled in red. Other options include 'None', 'Fannie Mae Flex 97', 'Fannie Mae HARP New Servicer', 'Fannie Mae HARP Same Servicer', 'Fannie Mae Payment Power', 'FHLMC Affordable Gold 100%', 'FHLMC Affordable Gold 3/2', 'FHLMC Affordable Gold 5%', 'FHLMC Affordable Gold 97', 'FHLMC Home Possible', 'FNMA Community Buyer 3/2', 'FNMA Community Home Buyer 5', 'FNMA Community Living Program', 'FNMA MyCommunity Products', 'Freddie Mac Open Access New Servicer', 'Freddie Mac Refi to Mod Same Servicer', 'PMI Refi to Mod New Servicer', and 'PMI Refi to Mod Same Servicer'.

For PMI-to-PMI Refinance-to-Modifications (RTM) loans owned by non-GSE investors and/or portfolio lenders

- PMI Refi to Mod New Servicer

The screenshot shows the 'Mortgage Insurance Information' form with a dropdown menu for 'Loan Program'. The menu is open, showing various options. 'PMI Refi to Mod New Servicer' is highlighted and circled in red. Other options include 'None', 'Fannie Mae Flex 97', 'Fannie Mae HARP New Servicer', 'Fannie Mae HARP Same Servicer', 'Fannie Mae Payment Power', 'FHLMC Affordable Gold 100%', 'FHLMC Affordable Gold 3/2', 'FHLMC Affordable Gold 5%', 'FHLMC Affordable Gold 97', 'FHLMC Home Possible', 'FNMA Community Buyer 3/2', 'FNMA Community Home Buyer 5', 'FNMA Community Living Program', 'FNMA MyCommunity Products', 'Freddie Mac Open Access New Servicer', 'Freddie Mac Refi to Mod Same Servicer', 'PMI Refi to Mod New Servicer', and 'PMI Refi to Mod Same Servicer'.

Please see the e-PMI® Quick Start Guide for complete instructions on how to enter a loan.

- **EDI/XML:** Indicator codes have been established by MISMO for lenders/servicers using EDI/XML. Please direct your questions to Simon Attwood (Simon.Attwood@pmigroup.com, 925.658.6202).
- **Regional Operations Centers:** Lenders/servicers should fax or upload the Modification Request to Texas: 866.649.9634 or Illinois: 888.444.9792:

- **Delegated Loans:** Lenders/servicers should include forms 1003 and 1008.

- **Non-Delegated Loans:** Lenders/servicers should include the following documents that will be used to underwrite the PMI-to-PMI RTM New Lender/Servicer refinance loan to PMI's guidelines:

1. Modification Request

- Please check this box for ALL PMI-to-PMI RTM requests:

PMI-to-PMI Refinance-to-Modification (including HARP loans)

- Please check the appropriate box for the program the loan is being submitted for:

NEW SERVICER

Fannie Mae HARP

Freddie Mac Open Access

Other Investor

2. New 1003 and 1008

3. New credit report (for current mortgage payment history)

4. Income verification is always required by PMI when the P&I payment is increasing over 20% of the current payment

* For Modification Request, go to www.pmi-us.com and click on the "Resource Center" tab, or go to http://www.pmi-us.com/resourcecenter/applications_forms.html.

Q22: What is the process once a PMI-to-PMI RTM New Lender/Servicer refinance loan has been submitted to PMI electronically?

A22: Upon submission of a PMI-to-PMI RTM New Lender/Servicer loan via e-PMI® or EDI/XML, PMI's systems will issue a "pending notification" to you. This notice will include the following message:

Thank you for choosing PMI. This request cannot be decided at this time. Your request is being reviewed by PMI as a Loan Mod of an existing Cert. The Cert # generated for this request is a Reference # to be used when consulting with PMI. If this request qualifies, the existing Cert will be amended. If you have questions, please contact PMI's E-Business Unit at 877.764.3764.

Once the PMI-to-PMI RTM New Lender/Servicer loan is received by PMI, the following will be verified:

- PMI is the current insurer.
- The coverage percentage and premium rate remain unchanged.
- The borrower(s) and property are the same as on the existing loan.
- The maximum amount of costs meet the other guidelines around closing costs outlined in A4.
- The Existing Loan is current, seasoned for at least 12 months, and has no more than 1x30, with 0x30 in last 90 days.

Once PMI has verified eligibility, the "pend" will be cleared and a *Refi-to-Mod Certificate Amendment Request – Confirmation* notice will be faxed within two business days. If PMI is not able to verify eligibility, a *Refi-to-Mod Certificate Amendment Request – Ineligible* notice will be faxed.

PMI will modify the existing certificate when notice of loan closing and/or the first premium payment on the PMI-to-PMI RTM New Lender/Servicer refinance loan is received.

Q23: What is the process once a PMI-to-PMI RTM New Lender/Servicer loan has been submitted to PMI manually?

A23: The user will not receive an initial notification when the loan is submitted to a Regional Operations Center. Once PMI's review of the loan is complete, one of two notices will be faxed to the customer:

- *Refi-to-Mod Certificate Amendment Request – Confirmation (RTM Confirmation)*
- *Refi-to-Mod Certificate Amendment Request – Ineligible (RTM Ineligible)*

Q24: Does the Refinance Loan have to be submitted to PMI before the loan closing date?

A24: Yes. This is to ensure that the insurance coverage on the loan is not cancelled.

Q25: What should be done if the lender/servicer orders the mortgage insurance after the Refinance Loan closes?

A25: If the mortgage insurance is ordered after closing, then PMI will not have been able to identify the loan as a refinance and will terminate coverage when the payoff notification is received. PMI will be working with the few lenders/servicers who typically order mortgage insurance after closing to work out a mutually agreeable process.

Q26: How should a lender/servicer notify PMI of the Refinance Loan closing date?

A26: If the lender/servicer normally uses EDI, they should follow the normal process they use to notify PMI of the Refinance Loan's closing date. However, lenders/servicers normally using e-PMI® will need to submit the loan closing date to PMI by one of the following methods:

- E-mail: customerservice@pmigroup.com
- Fax: 925.658.6191
- Phone: 800.366.1143

Q27: Will e-PMI® Servicing show the Refinance Loan closing date or the Refinance Loan UPB?

A27: Yes. These can both be found on the Certificate Inquiry Screen. The Refinance Loan UPB can be found in the **Loan Modification UPB** field and the Refinance Loan closing date can be found in the **Loan Modification LCD** field.

The screenshot shows the e-PMI Servicing interface. At the top, there are navigation links: Home, Release Notes, User's Manual, Guidelines, Help, Change Password, and Log Off. The main content area is titled "Certificate Inquiry" and includes an "Update" button. Below this, there are several sections:

- Initial Premium Information:** Loan Balance (\$): 78,500.00, Rate/100/12: 0.5/100/12, Premium Tax (\$): 0.00, Other (\$): 0.00, Premium Due (\$): 32.71.
- Renewal Premium Information:** Loan Balance (\$): 78,500.00, Rate/100/12: 0.2/100/12, Premium Tax (\$): 0.00, Other (\$): 0.00, Premium Due (\$): 30.33.
- Loan/MI Summary:** Lender Loan Closing Date: 06/07/2000, Next Bill Date: 07/01/2009, Premium Effective Date: 06/07/2000, Anniversary Date: 06/01/2009. A red box highlights "Loan Modification UPB (\$): 72,790.00".
- Loan/Mortgage Insurance Detail:** Original Amount (\$): 78,500.00, Loan Term (mts): 360, Purchase Price (\$): 81,000.00, Amort Term (mts): 360, Appraisal Price (\$): 81,000.00, Loan Maturity Date: 06/07/2030, Amort Maturity Date: 06/07/2030.

NEW SERVICER CERTIFICATE MODIFICATION

Q28: How will PMI treat the Refinance Loan once it has closed?

A28: The PMI Certificate of Insurance will be modified to reflect the new servicer, the new loan terms, and the existing certificate number, percentage level of coverage and the premium rate will remain unchanged. The mortgage insurance premium amount will be updated if the new unpaid principal balance of the Refinance Loan is different from the original loan amount. The premium for Super Single will remain unchanged.

Q29: Will PMI issue a new Commitment/Certificate?

A29: No, a *Refi-to-Mod Certificate Amendment Request Confirmation (RTM Confirmation)* will be issued. PMI will process Refinance Loans as modifications to the insurance coverage on the Existing Loan.

Q30: What premiums will be displayed on the RTM Confirmation?

A30: Any outstanding premium for the Existing Loan and the new premium for the Refinance Loan will be displayed.

Q31: How will the modification be activated?

A31: Any outstanding premiums must be paid to PMI and the Refinance Loan's closing date must be submitted in order to activate the MI modification.

Q32: What effective date will PMI use as the start date for the 10-year constant renewal after the PMI Certificate of Insurance is modified for a PMI-to-PMI RTM New Lender/Servicer loan?

A32: For New Lender/Servicer refinances, the effective date will typically be reset to the Refinance Loan's close date.

MI PREMIUMS / SERVICING

Q33: Can the premium amount change?

A33: Yes, while the premium rate does not change, that rate is applied to the Refinance Loan balance. In instances where the Refinance Loan amount increases, the premium amount will increase. If there has been a principal curtailment and the Refinance Loan amount decreases, then the premium amount will decrease.

Q34: How is PMI handling premium refunds for Existing Loans that payoff?

A34: With the exception of Annual premiums, PMI will not be issuing any refunds due to the PMI-to-PMI RTM New Lender/Servicer transaction. Also, the premiums for Monthly and pmiNU MONTHLYSM certificates will not be prorated.

Q35: How are single premiums treated?

A35: Coverage will continue with no additional premiums due for loans with single premiums.

Q36: What if the new servicer is not a PMI-approved servicer?

A36: PMI will not provide coverage on a loan that is serviced by a non-PMI approved Servicer. A servicer must be approved by Fannie Mae, Freddie Mac, or FDIC in order to be an approved servicer with PMI. There are no exceptions to this policy. If you want instructions on how to become an approved servicer with PMI, please contact our Customer Service team at **1.800.366.1143** or customerservice@pmigroup.com and we will send you a questionnaire to complete.

Q37: When will PMI complete the service transfer from the Existing Lender/Servicer to the Refinance Lender/Servicer?

A37: PMI will perform the service transfer upon completion of the Refinance. This occurs when PMI receives the completed *Refi-to-Mod Certificate Amendment Request – Confirmation (RTM Confirmation)* that includes the Modified Loan Close Date and all outstanding premium has been brought current.

GENERAL

Q38: If a lender/servicer has questions or requires further assistance, who should they contact at PMI?

A38: The lender/servicer should call **800.966.4PMI (4764)**.

Q39: What are the reps and warrants of the new lender/servicer with a PMI-to-PMI RTM New Lender/Servicer refinance?

A39: When a new lender/servicer agrees to MI coverage modification under the PMI-to-PMI RTM New Lender/Servicer Program for the Refinance Loan, it will be deemed to have made representations upon which PMI will rely, including that the information provided by the lender/servicer in relation to the Refinance Loan and the corresponding MI coverage modification request is true and accurate. All of PMI's rights and remedies under the master policy will apply to the Refinance Loan and to the representations of the lender/servicer related to that loan. The lender/servicer is required to maintain the origination file and related documents for the Refinance Loan, to be provided to PMI upon request.

