

PMI-to-PMI Refinance-to-Modification (RTM) Same Lender/Service Program

PMI Frequently Asked Questions

PMI is pleased to expand its PMI-to-PMI Refinance-to-Modification (RTM) Same Lender/Service Program. This program offers flexible refinances for existing PMI-insured loans via HARP for GSE-owned loans as well as Refinance-to-Modification for loans owned by other investors and portfolio lenders.

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 Same Lender/Service program?

A1: Any lender/service is eligible to submit loans under the PMI-to-PMI RTM Same Lender/Service program, provided the Existing Loan is currently insured by PMI and the Refinance Loan will be serviced by the existing lender/service.

Q2: How does PMI define the entity that can submit a PMI-to-PMI RTM Same Lender/Service refinance?

A2: To be eligible to submit, the entity must meet all the following criteria:

- Have the servicing rights on the Existing Loan; and
- Will be the service on the Refinance Loan; and
- Have the ability to originate new loans; and
- Have possession of the original loan file; and
- Agree to the terms of the PMI-to-PMI RTM Same Lender/Service program.

Q3: Can a TPO originated loan be submitted under the RTM Program?

A3: 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 same lender/service 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.

Q4: Why has PMI changed its policy for TPO originations for the RTM Program?

A4: 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.

Q5: What are the eligibility requirements for loans submitted under the PMI-to-PMI RTM Same Lender/Service program?

- A5:** The eligibility requirements include the following:
- The refinance will be for an existing PMI-insured loan; and
 - The lender currently services the loan; and
 - The loan will have the original mortgage insurance premium rate and coverage; and
 - The loan must be current with 1x30 in the lesser of the past 12 months or life of the 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.

Q6: Does PMI require that the Refinance Loan improves the borrower's ability to repay the loan?

A6: 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.

Q7: Will the MI premium rate or coverage percentage change?

A7: 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.

Q8: If the Existing Loan is currently subject to a Captive Reinsurance agreement with PMI, will the Refinance Loan remain in the Captive?

A8: 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.

Q9: Are there any restrictions on LPMI loans for the PMI-to-PMI RTM Same Lender/Servicer Program?

A9: 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

Q10: Does PMI underwrite to the GSEs' guidelines?

A10: 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.

Q11: Does PMI have a maximum LTV/CLTV for the PMI-to-PMI RTM Same Lender/Servicer program?

A11: 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.

Q12: For a PMI-to-PMI RTM Same Lender/Servicer Refinance Loan, is a new appraisal required?

A12: PMI does not require a new property valuation; however, a GSE-owned loan may have property valuation requirements.

Q13: Is any cash back to the borrower allowed at closing?

A13: 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.

Q14: What costs can the Refinance Loan balance include?

A14: 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 A5 for examples.

Q15: Can the borrower's monthly payment increase?

A15: 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.

Q16: Is there a maximum DTI for the program?

A16: 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.

SUBMISSION PROCESS

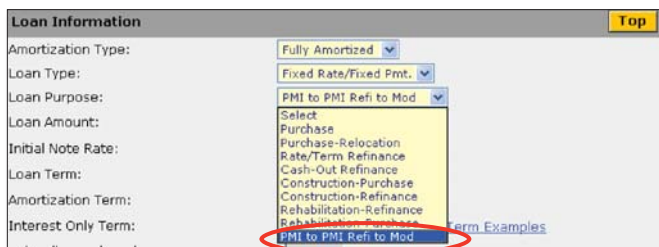
Q17: Who can assist in determining if a loan is currently insured by PMI?

A17: Please contact PMI Customer Service at **800.366.1143** to determine if a loan is currently insured with PMI or follow the instructions on page 2 of the flyer.

Q18: How should lenders/servicers submit a loan for the PMI-to-PMI RTM Same Lender/Servicer Program?

A18: 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 Same Lender/Servicer Program are as follows:

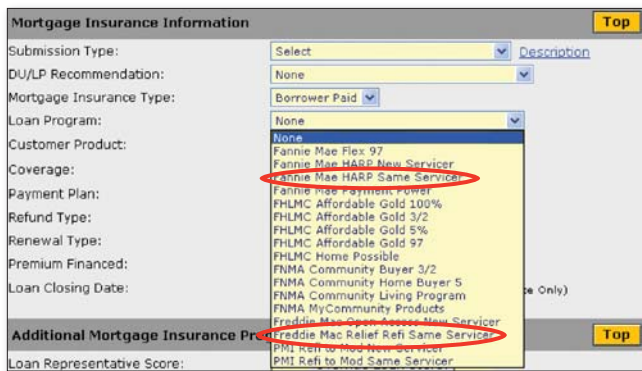
- **e-PMI®:** In the **Loan Information** section, select PMI to PMI Refi to Mod from the list of drop-down values in the *Loan Purpose* field, as seen below:



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

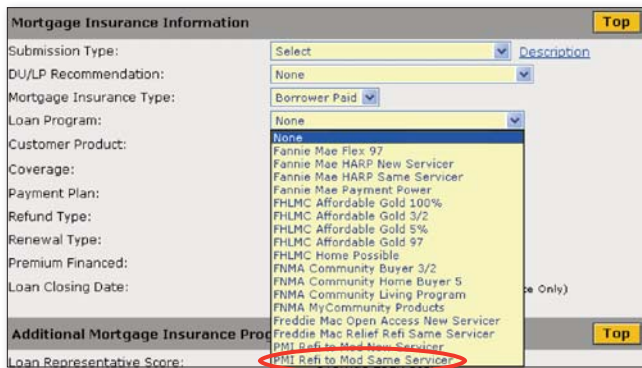
For “HARP” loans submitted by the Same Lender/Servicer

- Fannie Mae HARP Same Servicer
- Freddie Mac Relief Refi Same Servicer



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

- 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 Same 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:

SAME SERVICER	
<input type="checkbox"/>	Fannie Mae HARP
<input type="checkbox"/>	Freddie Mac Relief Refinance
<input type="checkbox"/>	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.

Q19: What is the process once a PMI-to-PMI RTM Same Lender/Servicer refinance loan has been submitted to PMI electronically?

A19: Upon submission of a PMI-to-PMI RTM Same 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 Same Lender/Service 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 A5.
- The loan must be current with 1x30 in the lesser of the past 12 months or life of the loan.

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 Same Lender/Service refinance loan is received.

Q20: What is the process once a PMI-to-PMI RTM Same Lender/Service loan has been submitted to PMI manually?

A20: 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)*

Q21: Does the Refinance Loan have to be submitted to PMI before the loan closing date?

A21: Yes. This is to ensure that the insurance coverage on the loan is not cancelled.

Q22: What should be done if the lender/service orders the mortgage insurance after the Refinance Loan closes?

A22: 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/service who typically order mortgage insurance after closing to work out a mutually agreeable process.

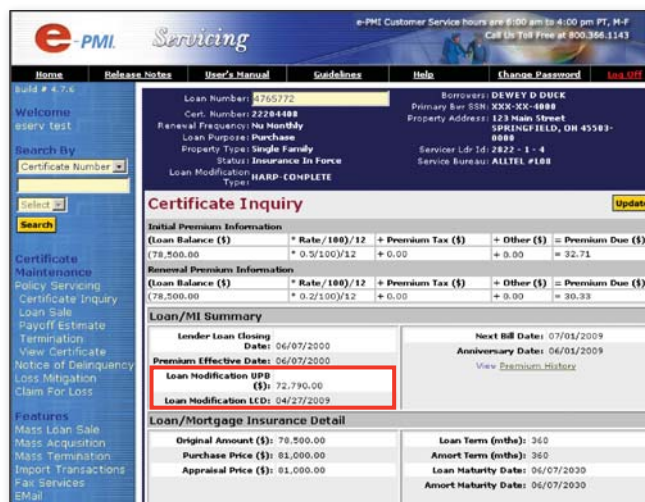
Q23: How should a lender/service notify PMI of the Refinance Loan closing date?

A23: If the lender/service normally uses EDI, they should follow the normal process they use to notify PMI of the Refinance Loan’s closing date. However, lenders/service 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

Q24: Will e-PMI® Servicing show the Refinance Loan closing date or the Refinance Loan UPB?

A24: 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.



SAME SERVICER CERTIFICATE MODIFICATION

Q25: How will PMI treat the Refinance Loan once it has closed?

A25: The PMI Certificate of Insurance will be modified to reflect 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.

Q26: Will PMI issue a new Commitment/Certificate?

A26: 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.

Q27: 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 Same Lender/Servicer loan?

A27: For Same Lender/Servicer refinances, the effective date will typically be reset to the Refinance Loan's close date.

MI PREMIUMS / SERVICING

Q28: Can the premium amount change?

A28: 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.

Q29: How is PMI handling premium refunds for Existing Loans that payoff?

A29: With the exception of Annual premiums, PMI will not be issuing any refunds due to the PMI-to-PMI RTM Same Lender/Servicer transaction. Also, the premiums for Monthly and pmiNU MONTHLYSM certificates will not be prorated.

Q30: How are single premiums treated?

A30: Coverage will continue with no additional premiums due for loans with single premiums.

GENERAL

Q31: What is the impact of the Refinance-to-Modification (RTM) Program on the PMI-to-PMI Streamlined Refinance Program?

A31: PMI is retiring the PMI-to-PMI Streamlined Refinance Program as the flexibility in the RTM programs is more beneficial to the borrower. The RTM program has more flexible eligibility requirements, versus the PMI-to-PMI Streamlined Refinance Program, which required the following:

- Max 95% LTV
- 12 months seasoning
- The property value has not declined since the origination appraisal date

Q32: If a lender/servicer has questions or requires further assistance, who should they contact at PMI?

A32: The lender/servicer should call **800.966.4PMI** (4764).

Q33: Do the representations of the lender/servicer on the original loan change with a PMI-to-PMI RTM Same Lender/Servicer refinance?

A33: No. As a condition of PMI's agreement to modify the Certificate and to insure the PMI-to-PMI RTM Same Lender/Servicer refinanced loan under the terms of the original Certificate as modified and to pay a claim on the PMI-to-PMI RTM Same Lender/Servicer refinanced loan, PMI will require that the lender/servicer agree, among other things, that all of PMI's rights and remedies under the Master Policy and/or applicable law with respect to the original loan remain in full force and effect, and that PMI has the right to exercise any or all of its rights to exclude or rescind coverage on the PMI-to-PMI RTM Same Lender/Servicer refinanced loan based on the facts and circumstances related to either the origination of the original loan or the PMI-to-PMI RTM Same Lender/Servicer refinanced loan. The lender/servicer must also agree to retain and provide both the original loan file and refinanced loan file to PMI upon request.

