



January 23, 2009

Announcing changes to PMI's [Delegated Loan Modification Program](#) for delinquent loans and approval of the FHFA-GSE Streamlined Modification Program (SMP)...

I. FHFA-GSE SMP:

PMI is pleased to announce to its customers that PMI has approved modifications of PMI insured loans through the FHFA-GSE Streamlined Modification Program. Loans eligible for SMP may be modified according to the eligibility criteria provided by FHFA without prior approval from PMI.

PMI's standard monthly workout reporting requirements (described below) must still be adhered to. Additionally, servicers are required to report the three-month trial period within 30 days of the first trial payment due date (Workout Close Date) as a forbearance.

II. PMI's Delegated Loan Modification Program:

PMI is also pleased to announce that PMI's own current delegated program for loan modifications (see http://www.pmi-us.com/media/pdf/servicers/pmi_delegatedloanmodltrdq.pdf) will be extended through January 31, 2009.

For loan modifications closed on or after February 1, 2009, PMI is updating our servicer's delegated authority when handling loan modifications on PMI insured delinquent loans. The information provided below is intended to update you on the [Delegated Loan Modification Program](#) and your accompanying responsibilities. The terms set forth below replace and supersede all prior published delegated authority for loan modifications under this program and will be in effect until further notice.

PMI's [Delegated Loan Modification Program](#) allows Servicer's to negotiate with Borrowers to modify loan terms without PMI's prior consent provided the loan modification meets the following guidelines:

- Modification must cure the Default
- The modified loan type may not be negatively amortizing.
- Capitalization of delinquent interest and amounts allowed in the applicable primary Master Policy is allowed up to 115% of the original loan amount. Modifications of pool loans are allowed however the original insured benefit will not change.
- Capitalization of penalty fees or late charges are not allowed
- Investor approval and any other required approvals are the responsibility of the servicer
- All other provisions of the applicable Master Policy remain in effect

If the modified Unpaid Principal Balance (UPB) exceeds the original loan amount then the existing premium rate may be applied to the modified UPB using an amortizing renewal plan.

Reporting: In order for this delegated approval to apply, modification terms must be reported to PMI within 30 days of execution of the modification agreement (Workout Close Date) by the borrower to ensure your coverage reflects the newly modified terms of the mortgage including any capitalized arrearages.

The **Workout Reporting Template** is available at <http://www.pmi-us.com/servicers/servicingforms.html>. Because the spreadsheet contains certain non-public personal information, it should be sent via a secure channel, such as any of the following:

1 - E-Mail

E-mail encrypted Delegated Loan Modification Reporting Template to **workouts@pmigroup.com**

2 - Secure channels

- Established, secure proprietary channel
- WebTrader, PMI's secure document exchange website

Billing: If the modified UPB exceeds the original loan amount the UPB must be reported on a monthly basis to PMI's Policy Servicing.

III. Loan Modifications that do NOT meet FHFA-GSE SMP Guidelines or PMI's Delegated Loan Modification Guidelines:

If a loan that you are modifying does not meet the guidelines of either FHFA-GSE SMP or the **PMI Delegated Loan Modification Program**, please submit your request for approval to PMI's Loss Mitigation department.

Form: "Non-Delegated Loan Modification Request Form - Delinquent Loans only" available at <http://www.pmi-us.com/servicers/servicingforms.html>

Send to: loss.mitigation@pmigroup.com

Contact Us: **PMI Mortgage Insurance Co.**
PMI Plaza
3003 Oak Road
Walnut Creek, CA 94597

Loss Mitigation Department

Phone: 800.685.4764 Option #3

Fax: 888.305.2956

Email: Delegated - workouts@pmigroup.com

Non-Delegated - loss.mitigation@pmigroup.com

Website: www.pmi-us.com/servicers/

Policy Servicing

Phone: 800.366.1143

Fax: 925.658.6191

E-mail: customerservice@pmigroup.com

Website: www.e-pmi.com