

# PMI-TO-PMI Refinance-to-Modification (RTM) Same Lender/ Servicer Program

## PMI FREQUENTLY ASKED QUESTIONS



PMI is pleased to expand its PMI-to-PMI Refinance-to-Modification (RTM) Same Lender/Servicer 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/Servicer program?**

**A1:** Any lender/servicer that has a valid PMI Master Policy is eligible to submit loans under the PMI-to-PMI RTM Same Lender/Servicer program, provided the Existing Loan is currently insured by PMI and the Refinance Loan will be serviced by the existing lender/servicer.

**Q2: How does PMI define the entity that can submit a PMI-to-PMI RTM Same Lender/Servicer 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 servicer 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/Servicer program; and
- Have a valid PMI Master Policy.

**Q3: What are the eligibility requirements for loans submitted under the PMI-to-PMI RTM Same Lender/Servicer program?**

**A3:** 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 meet GSE mortgage payment requirements; and
- Reasonable and customary closing costs can be financed in the new loan amount.
  - 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.

**Q4: Does PMI require that the Refinance Loan improves the borrower’s ability to repay the loan?**

**A4:** 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.

**Q5: Will the MI premium rate or coverage percentage change?**

**A5:** No, the MI premium rate and the coverage percentage will not change for PMI Monthly, pmiNU Monthly<sup>SM</sup> 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.

**Q6: If the Existing Loan is currently subject to a Captive Reinsurance agreement with PMI, will the Refinance Loan remain in the Captive?**

**A6:** 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.

**Q7: Are there any restrictions on LPMI loans for the PMI-to-PMI RTM Same Lender/Servicer Program?**

**A7:** 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

**Q8: Does PMI underwrite to the GSEs' guidelines?**

**A8:** 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.

**Q9: Does PMI have a maximum LTV/CLTV for the PMI-to-PMI RTM Same Lender/Servicer program?**

**A9:** No, PMI does not have a maximum LTV/CLTV and supports the recent change by the GSEs to allow higher LTVs.

**Q10: For a PMI-to-PMI RTM Same Lender/Servicer Refinance Loan, is a new appraisal required?**

**A10:** PMI does not require a new property valuation; however, a GSE-owned loan may have property valuation requirements.

**Q11: Is any cash back to the borrower allowed at closing?**

**A11:** 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.

**Q12: What costs can the Refinance Loan balance include?**

**A12:** The Refinance Loan balance can include the unpaid principal balance plus reasonable and customary closing costs.

**Q13: Is there a maximum DTI for the program?**

**A13:** No, there is no maximum DTI.

## SUBMISSION PROCESS

**Q14: Who can assist in determining if a loan is currently insured by PMI?**

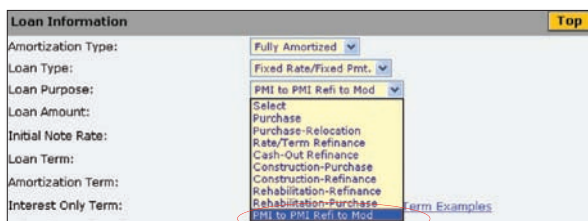
**A14:** Please contact PMI Customer Service at 800.366.1143 to determine if a loan is currently insured with PMI or follow the instructions on page 2 of the flyer.

**Q15: How should lenders/servicers submit a loan for the PMI-to-PMI RTM Same Lender/Servicer Program?**

**A15:** 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:

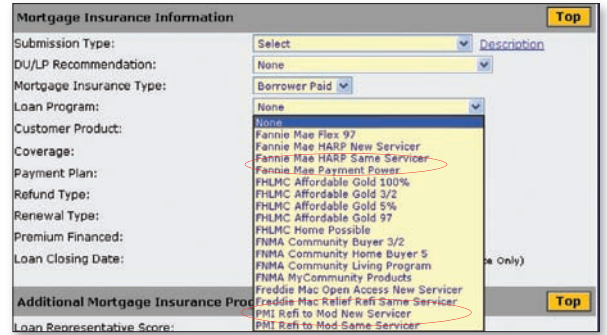
- **e-PMI®:** In the **Loan Information** section, select PMI to PMI Refi to Mod from the list of drop-down values in the *Loan Purpose* field, as seen below:



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

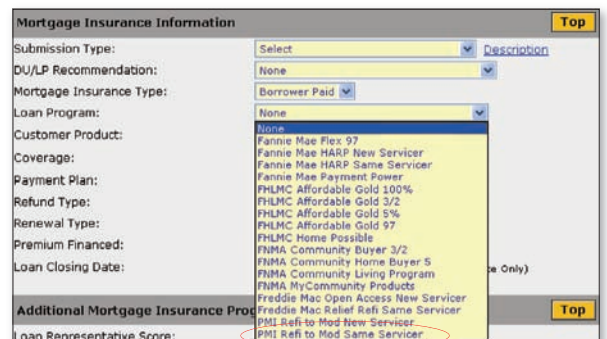
**For "HARP" loans submitted by the Same Lender/Servicer**

- 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 the E Business Unit at 877.764.3764 or EBU@pmigroup.com
- **Fax:** Lenders/servicers should fax the Modification Request to 888.444.9792
  - All loans will be processed as delegated submissions. Include the following documentation:
    1. Lenders/servicers should include forms 1003 and 1008.

\* For Modification Request, go to pmi-us.com and select 'Application and Forms' from the Underwriting menu, or go to pmi-us.com/online/underwriting/application\_forms.html

**Q16: What is the process once a PMI-to-PMI RTM Same Lender/Servicer refinance loan has been submitted to PMI electronically?**

**A16:** 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/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 loan meets the closing cost and other eligibility guidelines outlined in A5.
- The loan must meet GSE mortgage payment requirements.

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, payment of outstanding premium, and/or the first premium payment on the Refinance Loan is received, as specified on the *Refi-to-Mod Certificate Amendment Request – Confirmation* notice.

**Q17: What is the process once a PMI-to-PMI RTM Same Lender/ Servicer loan has been submitted to PMI manually?**

**A17:** The user will not receive an initial notification when the loan is submitted to a E Business Unit. 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)*

**Q18: Does the Refinance Loan have to be submitted to PMI before the loan closing date?**

**A18:** Yes. This is to ensure that the insurance coverage on the loan is not cancelled.

**Q19: What should be done if the lender/servicer orders the mortgage insurance after the Refinance Loan closes?**

**A19:** 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.

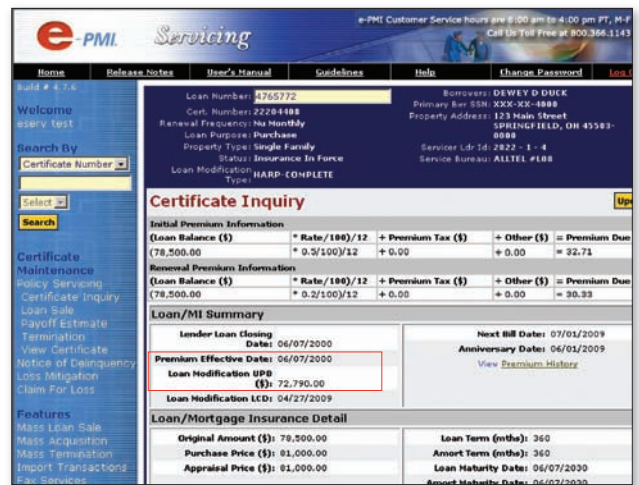
**Q20: How should a lender/servicer notify PMI of the Refinance Loan closing date?**

**A20:** 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

**Q21: Will e-PMI® Servicing show the Refinance Loan closing date or the Refinance Loan UPB?**

**A21:** 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

### **Q22: How will PMI treat the Refinance Loan once it has closed?**

**A22:** The PMI Certificate of Insurance will be modified to reflect the new loan terms. The existing certificate number, coverage percentage and premium rate will remain unchanged. The mortgage insurance premium amount will be updated if the new unpaid principal balance of the Refinance Loan differs from that of the Existing Loan. The premium for Super Single will remain unchanged.

### **Q23: Will PMI issue a new Commitment/Certificate?**

**A23:** 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. You can print a copy of the certificate through ePMI Servicing. If you don't have access, email [epmiservicing@pmigroup.com](mailto:epmiservicing@pmigroup.com) to request access.

### **Q24: 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?**

**A24:** For Same Lender/Servicer refinances, the effective date will typically be reset to the Refinance Loan's close date.

## MI PREMIUMS / SERVICING

### **Q25: Can the premium amount change?**

**A25:** Yes, while the premium rate does not change, that rate is applied to the Refinance Loan balance. In instances where the unpaid principle balance 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.

### **Q26: How is PMI handling premium refunds for Existing Loans that payoff?**

**A26:** 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 MONTHLY<sup>SM</sup> certificates will not be prorated.

### **Q27: How are single premiums treated?**

**A27:** Coverage will continue with no additional premium due for loans with single premiums.

## GENERAL

### **Q28: If a lender/servicer has questions or requires further assistance, who should they contact at PMI?**

**A28:** The lender/servicer should call 800.966.4PMI (4764).

### **Q29: Do the representations and obligations of the lender/servicer change with a PMI-to-PMI RTM Same Lender/Servicer refinance?**

**A29:** When a lender/servicer agrees to MI coverage modification under the PMI-to-PMI RTM Same 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.

