

PMI  
**CLAIMS  
REFERENCE**

MANUAL

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# Claims Reference Manual

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## 1. Overview

PMI Mortgage Insurance Co. (PMI)'s claims procedures are based on the terms and conditions of PMI's Master Policy and on PMI's belief that the lending industry is better served if a default resulting in a Claim is averted. To that end, PMI's goal is to work with Servicers to cure the Default within the framework of the Policy. If the Default cannot be cured, we seek to limit the loss where commercially reasonable and possible. PMI's professionals are committed to working with the Insured's Servicer to achieve this goal.

The ultimate value of PMI's coverage is realized when a Loan goes into Default. To preserve this value, it is important that Servicers understand and follow PMI's Customary Servicing Standards Guide (CSSG) and claims procedures outlined and summarized in this manual. For PMI's CSSG please go to [http://www.pmi-us.com/media/pdf/servicers/pmi\\_CSSG\\_Guide.pdf](http://www.pmi-us.com/media/pdf/servicers/pmi_CSSG_Guide.pdf).

This Claims Reference Manual (the "Manual") is generally based on PMI's First Lien Master Policy (UW 2170.00 (3/94)) and the Bulk Primary First Lien Master Policy (UW2510.00 (09/00)). Contact PMI's Claims Department (see section 8) for guidance on loss mitigation or Claims as they apply to pool insurance and other products.

This Manual is intended to explain and assist in following the requirements of the Policy, but is not intended to amend or modify the Policy and, therefore, in the event of any inconsistency between the Manual and the Policy, the terms of the Policy will prevail.

## 2. Definitions

**Broker Price Opinion (BPO)** means the estimated value of a Property as determined by real estate broker or other qualified individual or firm.

**Estimated Loss** is defined as the unpaid principal balance plus accrued and unpaid interest, claimable foreclosure costs and Advances.

**Master Policy and Policy** shall be interchangeable and mean the policy of insurance issued by PMI, including all applicable schedules, endorsements and certificates, under which coverage is provided by PMI for an insured Loan.

**Redemption** is a period after foreclosure where a Borrower's has the right to buy back their Property in some states.

**Third Party Sale** is the sale of the Property to an unrelated third party.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the applicable Master Policy, or PMI's published servicing guides.

## **3. Requirements for Appropriate Proceedings**

When the Servicer has exhausted all reasonable efforts for a Loan workout as outlined in PMI’s CSSG, it may be in both the Servicer’s and PMI’s best interest to conduct a timely foreclosure. Unwarranted delays in pursuing Appropriate Proceedings of any type, including foreclosure, may result in a reduction or denial of the Claim.

### **3.1. When to Begin Appropriate Proceedings**

Appropriate Proceedings must be initiated by the time the Loan is six months in Default, unless PMI directs Servicers to commence Appropriate Proceedings sooner. To avoid interest curtailments, Servicers must diligently pursue the necessary steps to enforce the note and/or acquire title to the Property.

### **3.2. Bankruptcy Delays**

In the event the delinquent Borrower files a bankruptcy petition, PMI allows six months from the date of the filing for Servicers to obtain relief from the automatic stay or dismissal of the case without documentation supporting the delays. On Chapter 13 filings, PMI allows six months from the last post petition payment to obtain relief without documentation supporting delays. Servicers are required to reinstitute Appropriate Proceedings no later than sixty days from the date of the order granting relief from an automatic stay, unless further delay can be legally substantiated. Failure to substantiate delays may result in a curtailment to a future Claim.

### **3.3. Foreclosure Timetable**

The timetable below is an estimate of customary foreclosure periods for each state and the District of Columbia. PMI will generally require backup documentation to explain and support foreclosure delays and costs. Supporting documentation should be provided at the time of Claims submission. After the initial review of the submitted Claim, additional information may be required. Required documentation may include, but is not limited to, chronology, collection notes, servicing notes, payment history, loss mitigation notes, current BPO, title transfer documents, and itemized invoices to support claimed expenses.

<b>Estimate of Customary Foreclosure Periods by State</b>					
<b>State</b>	<b>Days</b>	<b>State</b>	<b>Days</b>	<b>State</b>	<b>Days</b>
Alabama	235	Kentucky	415	North Dakota	340
Alaska	290	Louisiana	370	Ohio	415
Arizona	275	Maine	505	Oklahoma	400
Arkansas	280	Maryland	235	Oregon	330
California	285	Massachusetts	285	Pennsylvania	450
Colorado	280	Michigan	225	Rhode Island	235

Connecticut	370	Minnesota	260	South Carolina	365
Delaware	400	Mississippi	280	South Dakota	355
District of Columbia	250	Missouri	235	Tennessee	240
Florida	320	Montana	355	Texas	240
Georgia	230	Nebraska	305	Utah	315
Hawaii	290	Nevada	305	Vermont	510
Idaho	340	New Hampshire	260	Virginia	210
Illinois	425	New Jersey	450	Washington	310
Indiana	415	New Mexico	400	West Virginia	295
Iowa	465	New York	430	Wisconsin	460
Kansas	330	North Carolina	270	Wyoming	250

### 3.4. Foreclosure Sale Bidding Instructions

Bidding strategy should be calculated to establish foreclosure sale bids and promote legitimate third-party bidding. PMI requires Servicers to obtain either a current BPO or appraisal prior to the foreclosure sale date to determine the current fair market value of the Property (FMV). The Servicer must review the BPO or appraisal for accuracy, reasonableness and any indication of physical damage or casualty.

For PMI's [Foreclosure Sale Bidding Instructions](http://www.pmi-us.com/servicers/defaultserv.html), please go to [www.pmi-us.com/servicers/defaultserv.html](http://www.pmi-us.com/servicers/defaultserv.html).

Contact PMI's Loss Recovery Department at [biddinginstructions@pmigroup.com](mailto:biddinginstructions@pmigroup.com) if any of the following situations apply:

- The Property is subject to redemption for less than the Estimated Loss;
- Coverage on the Loan is subject to any stop-loss or deductible;
- There is Physical Damage to the Property in excess of normal wear and tear;
- These bidding instructions conflict with either the investor's or the Servicers mortgage pool insurer's instructions; or
- There are any questions about the bidding process or the Loan requires special consideration in establishing a foreclosure sale bid amount.

## 4. Post Foreclosure and Real Estate Owned (REO)

### 4.1. Listing the Property for Sale

Once the Servicer has acquired title to the Property, the Servicer should list the Property at FMV with a qualified real estate agency. PMI may contact the real estate agent or broker and may inquire about the marketing plan for the Property.

## 4.2. Offers to Purchase

Should an offer to purchase be presented prior to Claim payment, Servicers must notify PMI immediately. For a mitigating sale, PMI may pay additional interest through the close of escrow for a REO and the Claim received date for a pre-foreclosure sale. A copy of the final HUD-1 Settlement Statement will be required before final Claim settlement in such cases.

To facilitate efficient turnaround for REO Offers, PMI has set up a dedicated email account. Please send all REO offers to [reo.offer@pmigroup.com](mailto:reo.offer@pmigroup.com).

# 5. Claim for Loss – Filing Instructions

## 5.1. How to file a Claim

Claims can be submitted to PMI using one of the following ways:

1. EDI 260 Claim submissions;
2. e-PMI Servicing;
3. Fax; or
4. Mail

PMI's preferred method for Claim submission is via EDI 260 or e-PMI Servicing. Please contact the Claims Department for more information on either of these channels.

Claims that are either faxed or mailed can be sent to:

PMI Mortgage Insurance Co.  
Claims Department  
3003 Oak Road Walnut Creek, CA 94597  
Fax: 888.305.2978\*

\*Note: This fax number is dedicated to receiving Claims and will automatically load the information into PMI's imaging system ready for review and processing.

## 5.2. Claims Form

PMI's Uniform Mortgage Insurance Claim for Loss Form can be found at [http://www.pmi-us.com/media/pdf/resourcecenter/claims\\_forms/clm020\\_0507.pdf](http://www.pmi-us.com/media/pdf/resourcecenter/claims_forms/clm020_0507.pdf)

Please complete the form as instructed on the form. If you need assistance in completing the form please contact PMI's Claims Department.

Please provide the following information, if applicable, in the Comments section of the Uniform Mortgage Insurance Claim For Loss Form:

- Foreclosure sale date (for Properties sold at foreclosure)
- HUD settlement date (for Properties sold by any means)
- Redemption date (for Properties redeemed by borrower)
- Redemption expiration date (for Properties located in Redemption states)
- Execution date (for deeds-in-lieu)
- Most recent BPO/appraisal values (include date value was completed)
- Occupancy status (specify: vacant or occupied)
- Broker information: agent's name, phone number and/or email address
- Bankruptcy information including:
  - Case #
  - Bankruptcy type (Chapter 7 or 13)
  - Last post-petition payment date (Chapter 13 only)
  - Date initial bankruptcy petition filed
  - Date bankruptcy released/dismitted/discharged
  - For multiple bankruptcies filed, follow above, but organize according to the chronology of oldest to most recent bankruptcy.

### 5.3. When to file a Claim

The Claim must be filed within 60 days after the earlier of acquiring the Borrower's Title to the Property or a Pre-Foreclosure Sale. In states where there is a post-sale redemption period, the Claim may be filed within 60 days of expiration of the redemption rights. PMI must be given access to the Property upon request; failure to provide access when requested may entitle PMI to suspend payment of the Claim pending access.

### 5.4. Timeline

Once the Claim is received, a PMI Claims Specialist will review the Claim and request all additional information necessary to process the Claim within 20 days of receipt. Servicers should provide chronology, collection notes, servicing notes, payment history, loss mitigation notes, current BPO, title transfer documents, and itemized invoices to support claimed Advances with submission of the claim to prevent any delay in the handling of the Claim. PMI reserves the right to request additional documents and information as necessary. Failure to provide requested documents may result in the extension of the Claim Settlement Period, expense curtailment(s), or the Claim may be closed without payment.

### 5.5. Status

Once a Claim is filed, status of the Claim is available real-time through PMI's e-PMI Servicing website even if the Servicer did not submit the Claim through this channel. Contact PMI's Customer Service at [customerservice@pmigroup.com](mailto:customerservice@pmigroup.com) or 800-366-1143 to obtain a login to access status information.

## 6. Claim for Loss - Processing

### 6.1. Claimable Items

The following items may be submitted:

#### **Unpaid Principal Balance**

The unpaid principal balance (UPB) of the Loan as of the date the last regular payment was applied. The amount should match the UPB reported to PMI through Default reporting. Loans that have been modified must have been reported as required by the Delegated Servicer Program or approved by PMI.

#### **Past Due Interest**

Interest accrued on the UPB from the last regular payment due date through the Claim filed date. There may be Claim adjustments for unreasonable delays.

#### **Advances**

Advances include reasonable and necessary expenses paid by the Servicer with respect to a Loan after Default for:

1. Hazard insurance premiums;
2. Real estate property taxes;
3. Property protection and preservation expenses;
4. Property sales expenses;
5. Customary foreclosure costs including Court Expenses and reasonable attorney's fees;
6. Costs of other customary legal proceedings, as may be necessary to obtain Good and Merchantable Title to or Possession of the Property; and
7. Loss mitigation expenses.

#### **Attorney's Fees**

Reasonable attorney's fees are claimable, not to exceed three percent (3%) of the UPB plus allowable past due interest.

### 6.2. Non-Claimable Items

Generally, any amounts not included in the above list of claimable items will be excluded from the Claim. For example judgments, liens, late charges, tax penalties and interest and homeowners' association dues will generally be disallowed.

The previously listed claimable and non-claimable items are the most common. Please refer to PMI's Master Policy for more information. If the Servicer has a specific item that needs clarification, the Specialist assigned to the Claim is available to review and discuss the details.

### 6.3. Deductions from Claims

Claims will generally be reduced by the following amounts:

- Available and unapplied escrow account balances
- Pledged accounts
- Cash or other collateral for the Loan
- Unapplied hazard insurance proceeds
- Rental income
- Borrower contributions
- Proceeds from sale of the Property prior to the expiration of the Claim Settlement Period

### 6.4. Other Document Requirements

In the following situations please provide the following information:

- **Third Party Sale**
  - Copy of third party check proceeds
  - BPO or appraisal value at the time of foreclosure
- **Redemption**
  - Copy of redemption check proceeds
  - BPO or appraisal value at the time of redemption
- **Pre-Foreclosure Sale or REO Sale**
  - HUD-1 statement
  - BPO or appraisal report

## 7. Claim Settlement

### 7.1. Claim Settlement Methods

PMI shall elect to settle the Claim, at its option, using one of the following three options:

#### **Percentage Option**

An amount equal to the Claim Amount multiplied by the percentage of coverage specified on the Certificate, adjusted by any coverage options as specified on the Certificate.

#### **Pre-Arranged Sale Option**

An amount equal to the lesser of the Percentage Option or the Insured's actual loss in connection with a Pre-Arranged Sale of the Property. The Insured's actual loss is generally equal to the Claim Amount plus all reasonable costs incurred in obtaining and closing such sale less the proceeds of the Pre-foreclosure Sale.

**Acquisition Option**

The Claim Amount less the amount of any payments of Loss previously made by the Company with respect to the Loan, payable in exchange for the conveyance of Good and Merchantable Title to and Possession of the Property delivered to PMI.

**7.2. Closed Without Payment**

After the Claim has been received, PMI may close the Claim file without payment for the following reasons:

**Non-Perfected**

All of the documents necessary to perfect the Claim, including documents requested by PMI, have not been received and more than 60 days have elapsed since the Claim was filed.

**Failure to provide access to the Property**

When access to the Property has been requested by PMI, PMI may close the Claim without payment until access has been granted. In some cases completing eviction of the occupants may be necessary.

**Failure to comply with PMI's CSSG**

Based on the documentation submitted with the Claim, the Loan does not comply with PMI's CSSG. The CSSG is available for review [http://www.pmi-us.com/media/pdf/servicers/pmi\\_CSSG\\_Guide.pdf](http://www.pmi-us.com/media/pdf/servicers/pmi_CSSG_Guide.pdf).

**Request by Claim Filer**

At the request of the Claim filer, the Claim can be withdrawn.

**7.3. Supplemental Claims**

Payment of a Claim is considered the full and final discharge of PMI's obligation. For previously unsupported expenses or foreclosure delays, PMI may allow and consider a supplemental Claim request if received within 30 days of the initial Claim payment and Servicer provided additional supporting documentation and explanation of the supplemental request.

**7.4. Explanation of Benefits**

To help Servicers understand how PMI arrived at a claim settlement amount, refer to the explanation of benefits (EOB) letter provided with every settlement. The EOB letter includes a detailed explanation of the interest and expense calculations and a claim summary.

## 8. Contact Us

For additional information concerning any topic in this Manual, please contact a PMI Claims Specialist at 800-795-4764. For specific categories below, please send your question to the corresponding email box.



## PMI CLAIMS REFERENCE MANUAL

Bidding Instructions – [biddinginstructions@pmigroup.com](mailto:biddinginstructions@pmigroup.com)

General Claims Inquiries and Filing of Initial Claims and Supplemental Claims –  
[pmiclaims@pmigroup.com](mailto:pmiclaims@pmigroup.com)

Default Reporting – [pmidefault.reporting@pmigroup.com](mailto:pmidefault.reporting@pmigroup.com)

Pool Marketing – [pool.marketing@pmigroup.com](mailto:pool.marketing@pmigroup.com)

REO Offers – [reo.offer@pmigroup.com](mailto:reo.offer@pmigroup.com)

Submission of Servicing Documents – [pmiclaims.doc@pmigroup.com](mailto:pmiclaims.doc@pmigroup.com)