



FAQ Supplement

RMIC's Recovery Assistance Program: HARP New Servicer Option

Updated October 1, 2009

RMIC is providing the following supplement to our Recovery Assistance Program: HARP New Servicer Option to provide additional detail and answers to frequently asked questions. Program parameters including loan eligibility, premium rates, and submission instructions can be found in the program description posted on RMIC.COM. For additional information or assistance with participating in the program, please contact your RMIC Account Manager.

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- 1. Q. Does a loan need to be current to qualify for a refinance under this program?**

A. Yes. The borrower may not have had any 30-day late payments in the last 12 months (or life of loan if the loan is less than 12 months seasoned).

 - 2. Q. What mortgage insurance premium rate will be charged?**

A. RMIC's current borrower-paid monthly premium rates will be charged, including the Rate and Term Refinance rate adjustment. Less than 660 Loan Representative FICO Score, DU Expanded Approval, or LP A- loans will receive A-Minus rates. RMIC has created a special rate card for use with this program only that has the Rate and Term Refinance rate adjustment already included; it is posted under the [Recovery Assistance Program Resource Area](#) on RMIC.COM.

 - 3. Q. Will I need to increase the MI coverage percentage if the LTV increases under Fannie Mae's or Freddie Mac's Home Affordable Refinance Programs (HARP)?**

A. No. Both Fannie Mae and Freddie Mac will accept HARP refinance loans without an increase in coverage.

 - 4. Q. What if I would like to increase coverage? Can I do that?**

A. No. The coverage percentage must not exceed the coverage percentage on the existing loan being refinanced.

 - 5. Q. What are more specific examples of "improving the borrower's ability to repay the loan"?**

A. Examples may include (but are not necessarily limited to) refinances that improve the borrower's ability to repay the loan with sustainable terms, resulting in:

 - A reduction of the interest rate or monthly amortizing payment amount
 - Replacement of a high risk loan type such as an ARM, short-term Interest Only loan, or balloon with a reset to a fully amortizing fixed rate loan or Interest Only loan with a fixed initial Interest Only period of at least 10 years
 - Replacement of an ARM with an upcoming adjustment that causes significant payment shock impairing the borrower's ability to continue making timely payments

 - 6. Q. What does RMIC allow to be included in the new Loan Amount / Insured Amount?**

A. RMIC allows all customary and reasonable closing costs to be added to the new loan / insured amount. In addition, the borrower or other payee may receive up to \$250 in cash-back from the closing. Any additional cash-back must be applied as principal curtailment. Specific Investor programs may have different restrictions.

 - 7. Q. Does the Loan Servicer/Insured have to be different to use this program?**

A. Yes. RMIC's Recovery Assistance Program: HARP New Servicer Option requires that the new loan be serviced by a different Servicer/Insured from the existing loan. However, RMIC's Recovery Assistance Program: Same Servicer Option supports both refinances and modifications if the new loan will be serviced or refinanced (directly or indirectly) by the same servicer or an affiliate.
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8. **Q. Does the Loan Originator have to be the same as the current Loan Servicer to use RMIC's program?**
- A. No. It is not a requirement of the program that the Loan Originator and Servicer be the same company. However, if the Originator is not the new Servicer, the Originator must ensure the loan is not delivered to the original Servicer.
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9. **Q. If a loan is currently subject to a Captive Reinsurance agreement with RMIC, will it remain in the Captive after it is refinanced under this program?**
- A. No. Loans that are refinanced under this program will be removed from the existing Captive in accordance with the specific terms of a Lender's agreement with RMIC.
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10. **Q. Will loans that were part of a Secondary Market Coverage (SMC) transaction be eligible for HARP?**
- A. Yes. RMIC has worked out the operational details with both Fannie Mae and Freddie Mac to allow SMC loans to be eligible for HARP.
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11. **Q. Can RMIC's Recovery Assistance Program be used for other Investors?**
- A. Yes. While this program was designed to ensure it met the programs introduced by Fannie Mae and Freddie Mac, it is not exclusively limited to these Investors. RMIC's Recovery Assistance Program is available for loans owned by other Investors that meet the program parameters.
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12. **Q. What are the state restrictions for >100% LTV loans?**
- A. The table below shows the maximum LTV by state:
- | <u>Max LTV</u> | <u>States</u> |
|----------------|--|
| 100%/103%* | Arizona, Idaho, Illinois, New York**, Ohio |
| 103% | California, Missouri, New Jersey |
| 105% | All other states and D.C. |
- * Maximum 100% LTV plus up to 3% used to finance fees and closing costs only
- ** Maximum 100% LTV for co-ops in New York
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13. **Q. Will RMIC insure a refinance of a loan that is currently insured by another MI company or is uninsured?**
- A. Yes, but not under RMIC's Recovery Assistance Program. A loan that RMIC does not currently insure would be insurable as long as it meets the more restrictive of our standard Rate and Term Refinance guidelines as posted on RMIC.COM, including RMIC's standard documentation requirements (including income, employment, funds for closing, reserves, and collateral valuation, and Declining Markets Policy), or any Automated Underwriting System (AUS) recommendation, requirements, conditions, or flexibilities. Loans meeting our standard Rate and Term Refinance guidelines will be issued a new certificate with current rates.
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14. **Q. Will RMIC insure a non-HARP, non RMIC Recovery Assistance Program loan that has a DU Refi Plus recommendation?**
- A. Yes, if the loan is not eligible for and is not being submitted under RMIC's Recovery Assistance Program, we will accept a DU Refi Plus recommendation as long as the loan meets the more restrictive of our standard Rate and Term Refinance guidelines as posted on RMIC.COM, including RMIC's standard documentation requirements (including income, employment, funds for closing, reserves, collateral valuation, and Declining Markets Policy), or any Automated Underwriting System (AUS) recommendation, requirements, conditions, or flexibilities. Loans meeting our standard Rate and Term Refinance guidelines will be issued a new certificate with current rates.
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15. **Q. Does RMIC provide contract underwriting services for loans submitted under this program?**
- A. Yes, these loans are eligible for contract underwriting. Standard contract underwriting fees will apply.
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- 16. Q. Is a 4506-T and review of the tax return transcripts required for a loan submitted on or after September 1 under Recovery Assistance Program: HARP New Servicer Option?**
- A.** Yes. Under the New Servicer Option the loan is required to have full documentation, which includes a 4506-T and review of the tax return transcripts for MI applications submitted on or after September 1 (see [Release Notes 2009-6](#) for more information).
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- 17. Q. How are borrowers qualified for ARM loans submitted under this program?**
- A.** 5-year ARMs are qualified at the higher of the note rate or the fully indexed accrual rate. ARMs with fixed periods greater than five years are qualified at the note rate. ARMs with fixed periods less than five years are ineligible for this program.
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