



RMIC's
Delinquency and
Claims Guide

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RMIC protects its Insured lenders against Losses due to Borrower Default on mortgage Loans. This guide describes the basic servicing on delinquent Loans required by RMIC's Master Policy. Many of the capitalized terms in this guide are defined in the Definitions section of our Master Policy.

Mitigating Losses

RMIC would like to help resolve delinquencies without foreclosing. Our experienced personnel are ready to assist you with any alternatives to foreclosure or to reduce Losses associated with foreclosure. In accordance with RMIC's Master Policy, the Insured must cooperate actively in efforts to prevent or mitigate Losses.

There are many techniques RMIC has successfully used to mitigate Losses. With RMIC's assistance and approval (when necessary) the following options are available:

- Loan modifications
- Forbearance plans
- Repayment plans
- Advance Claim payments
- Loan assumptions
- Short sales (when the Property will not sell for enough to retire the debt)
- Deeds In Lieu of foreclosure
- Pre-sold Claims (when the lender actively markets the real estate owned [REO] Property after obtaining title)

Definition of Delinquency and Default

Default (or delinquency) is the failure of a Borrower to pay when due an amount equal to or greater than one monthly regular periodic Loan payment. A Loan is delinquent as of the close of business on the installment due date for which a scheduled payment has not been made. For example, a Loan is four months delinquent if all of the consecutive monthly payments due from January 1 through April 1 remain unpaid as of the close of business on April 1.

Notifying RMIC

The timely submission of delinquency and Claim forms is required by the Master Policy. The following forms are among those described in detail in the following sections:

- Notice of Delinquency
- Delinquency Status Update
- Notice of Foreclosure Sale
- Claim for Loss

Loss Mitigation Training

Experienced RMIC professionals are available for training on many areas of Loss mitigation and Claims.

The **Foreclosure Alternatives** session can be tailored to meet your needs. In addition to traditional workout plans, other creative strategies are discussed, such as:

- Advance Claim payments
- Temporary indulgence
- Special or extended forbearance
- Loan modifications
- Short sales
- Deeds In Lieu

Our **Introduction to Claims** seminar focuses on the fundamentals of Claims processing including:

- Claim filing
- Mitigation possibilities
- RMIC Claims Department organization
- Completion of an RMIC Claim for Loss form (or any other delinquency form)

Delinquent Loans

Notice of Delinquency (NOD) & Monthly Delinquency Status Update

RMIC must be notified of all new delinquent Loans. Notify RMIC:

- Within 45 days of the first missed payment on first payment Defaults.
- No later than 10 days from the date the Borrower's payment becomes four months overdue.
- When any proceeding occurs that affects the Borrower's, Insured's, or RMIC's interest in the Loan or Property. Such proceedings include bankruptcies, lawsuits involving the Loan or Property, any repudiation of liability or threat of lawsuit, and condemnation proceedings.

Timely submission of the NOD is essential to protect your right to file a Claim. Delayed submission of the NOD may preclude RMIC from taking certain steps that may result in the cure of the delinquency or the mitigation of the Loss.

RMIC must receive the monthly Delinquency Status Update no later than the twentieth day of the month. Monthly reporting is required on delinquent Loans until the Default is cured or the Claim for Loss has been submitted.

RMIC accepts the NOD and monthly Delinquency Status Update via electronic transmission.

Alternatively, the fully completed forms may be faxed, mailed, or emailed to RMIC. When RMIC receives the initial NOD form via fax, mail, or email, RMIC provides a monthly Delinquency Status Update form on each delinquent Loan.

Multiple Defaults

RMIC must be notified with a new NOD for each new Default by the Borrower, even if the previous Default was only recently cured.

Appropriate Proceedings

Foreclosure must be initiated no later than when the Borrower's payments become 6 months in Default and must be diligently pursued and completed in accordance with applicable state laws. We realize bankruptcy proceedings, state laws, mitigation efforts, or natural disasters may delay the filings and proceedings to acquire title, but Appropriate Proceedings must promptly resume once the reason for delay is removed.

Notice of Foreclosure Sale (NFS) Form

The NFS form gives RMIC notice of an approaching foreclosure sale, provides RMIC with important data and allows us the opportunity to confirm the Insured's bid at the sale. Our standard bidding guidelines that cover most foreclosures are posted on our website; however, if RMIC instructs a bid, your cooperation in bidding as instructed will ensure that applicable deficiency rights have been preserved and that you have complied with the provisions of RMIC's Master Policy. RMIC associates are always available to assist with the bid. If you do not hear from RMIC, use the anticipated foreclosure bid that you indicated on the form.

Submit the NFS form via fax, mail, or email as soon as the foreclosure sale date is known, and no later than 15 days before the foreclosure sale. As stated in the RMIC Master Policy, it is your responsibility to preserve RMIC's right to a deficiency (if allowed by state law), unless RMIC waives that right in writing.

Borrowers in Bankruptcy

Your attorney must take every necessary action to have the Property released from bankruptcy so that foreclosure proceedings can begin or continue.

Mortgage Insurance Claims

Submitting the Claim

After acquiring title to the Property, submit a Claim by one of the following methods:

- Via the internet at RMICDirect at <https://rmicdirect.rmic.com>
- Via email at ClaimsServicingTeam@rmic.com
- By fax or mail using any other computer generated form that complies with RMIC's guidelines
- Supplemental Claims may be submitted by email at ClaimsServicingTeam@rmic.com, supplementalclaims@rmic.com or by fax at 866-245-7642.

Online Claim Submission

RMIC offers online Claim submission via RMICDirect at <https://rmicdirect.rmic.com>. Enter your Username and Password and select 'Submit' to login. If you do not have a Username and Password, select 'New User Sign Up.' If you need additional assistance logging into RMICDirect, please contact IS Support at ISSupport@rmic.com.

Acquiring Title

You may acquire title by either:

- Foreclosing under the laws of the state where the Property is located; or
- Accepting a voluntary conveyance of title from the Borrower in lieu of foreclosure or other proceedings, with RMIC's prior approval

For a Claim to be valid, the CFL form must be submitted within 60 days of the date title is acquired through a voluntary conveyance (Deed In Lieu), through closing of an approved short-sale, or through foreclosure proceedings. A Perfected Claim means a Claim received by RMIC which contains all information or proof required by RMIC and for which all requirements of RMIC's Master Policy applicable to payment of a Claim are satisfied. Failure to supply all information necessary and reasonably requested by RMIC within 180 days of filing the CFL form eliminates RMIC's obligation to make any payment under the Master Policy.

The Servicer is entitled to file supplemental expenses within 180 days after the initial Claim for Loss is received by RMIC. Supplemental expenses are allowable expenses that were advanced prior to when the initial Claim for Loss is submitted and not included in the initial Claim for Loss.

Incomplete Construction

The Property must be completed in accordance with the construction plans and specifications in order to be considered for a Claim payment.

Physical Damage

Pursuant to sections 4.6 and 4.7 of the Master Policy, restoration costs for Physical Damage to a Property in excess of reasonable wear and tear are excluded from coverage.

Completing RMIC's Claim for Loss Form

The CFL form must be completed in its entirety. Complete all items on the CFL form, unless an item is in no way applicable to the Loan, in which case that item should be marked "Not Applicable." Additional assistance is available from RMIC Claims associates.

Items that may be included in a Claim submission

25. – 27. **Unpaid Principal Balance and Forbearance Amounts**

List the non-capitalized principal balance at the Default date, excluding any interest, late charges, penalties, or escrow due. Unearned Loan discount points will be deducted from the principal balance. Negative amortization is allowed when provided for by the premium plan selected.

Accumulated Interest

Accumulated interest is calculated as simple interest on the principal balance at the contractual rate (percentage rate on the Note) from the interest paid-to-date to the Claim date. Late charges and penalty interest are not claimable expenses.

28. **Attorney's Fees**

List the amount charged by the attorney, not to exceed 3% of the total principal balance plus accumulated interest (line 27).

29. **Property Taxes**

This section is for taxes paid by the Servicer on the Loan after the Default date. Only those taxes which are due and paid after the Default date are claimable.

30. **Hazard Insurance Premiums**

List the net hazard and flood insurance premiums paid on the Loan by the Insured after the Default date. The claimable portion (net of the anticipated refund) must be calculated on page 2, section 54.

31. **Condominium Fees Paid for Months after Default Date**

Show the monthly amount of condominium fees and the last month paid by the Borrower. Condominium fees are only claimable for the months after the Default date.

32. **Property Preservation Costs**

This section includes the reasonable cost to the Insured for securing and preserving the Property, i.e., winterizing and changing locks to secure the Property. Costs to renovate the Property are not claimable unless first approved by RMIC. The maximum amount to be paid for normal maintenance without written approval from RMIC is \$500.

33. **Statutory Disbursements**

List charges incurred by either the Insured or the Insured's attorney for obtaining title to the Property, such as filing fees and publication charges. Attorney's fees are not to be included in this figure, but should be shown on Line 28.

34. **Other Disbursements**

A description for these costs must be itemized on page 2, section 57. The maximum amount to be allowed for Cash for Keys without written approval from RMIC is \$2,000.

36. **Escrow Account Balance**

Any funds left in the escrow account at the Default date are deducted from the Claim. Items paid by the Insured after the Default date should be shown in the appropriate sections listed above.

38. **Pledged Savings, Buydowns, or Other Funds Held for Insured**

Other accounts or funds on the Loan's behalf (including, but not limited to, the remaining portions of buydowns or pledged accounts, insurance refunds, and any rent received by the Insured) are deducted from the Claim.

43. **Deductions**

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If the Property has been sold, deduct the net proceeds of the sale from the Claim Amount. RMIC's approval of the sale is required.

Required Documentation

The documentation listed below is required to Perfect a Claim. Documentation other than what is listed below may be required to verify the expenses on a particular Claim for Loss. Missing documents from the list and/or other necessary information may be requested by RMIC after Claim receipt. The Claim will be considered Perfected once all items are received. If the Claim is not Perfected within 180 days after the Claim is received, curtailment or even denial of the Claim may result. Although typically only the Loan payment history for the Default period is necessary to validate the Claim, the Servicer should retain the mortgage payment history from closing of the Loan to the date the Certificate is cancelled or the Claim is paid.

The following documents can be emailed to claimdocs@rmic.com:

Servicing documents	<ul style="list-style-type: none"> • Loan payment & escrow history (for Default period only) • Interest rate changes (for Default period only) • Copy of current Property value (BPO or Appraisal)
If a modification has been completed	<ul style="list-style-type: none"> • Copy of all executed Modification Agreements
If a hazard claim was filed due to Property damage	<ul style="list-style-type: none"> • Hazard claim EOB or verification of hazard proceeds received
In the event of foreclosure	<ul style="list-style-type: none"> • Copy of Sheriff's Deed/Trustee's Deed/Foreclosure Deed/Mortgage Certificate of Title or Sale
In the event of 3 rd party sale	<ul style="list-style-type: none"> • Evidence of proceeds check or wire transfer • If proceeds are less than sales price, provide breakdown of expenses deducted from proceeds
In the event of short sale	<ul style="list-style-type: none"> • Evidence of proceeds check or wire transfer • Copy of final signed HUD-1 Settlement Statement • Copy of Servicer's approval letter to Borrower, stating the terms of the short sale agreement
In the event of deed in lieu	<ul style="list-style-type: none"> • Copy of executed Deed In Lieu or equivalent (i.e. Warranty Deed) • Copy of Servicer's approval letter to Borrower, stating the terms of the DIL agreement
In the event of redemption	<ul style="list-style-type: none"> • Evidence of proceeds check or wire transfer
In the event of REO sale	<ul style="list-style-type: none"> • Copy of final signed HUD-1 Settlement Statement • Evidence of proceeds check or wire transfer
RMIC acquisition (When RMIC elects to acquire title as settlement of the Claim)	<ul style="list-style-type: none"> • Title insurance policy or attorney's opinion of title confirming clear and merchantable title • Evidence that all liens have been released or satisfied • Signed unrecorded deed conveying title to RMIC

RMIC routinely conducts quality control reviews of RMIC insured Loans in order to verify compliance with RMIC's Master Policy, Underwriting Guidelines, and Operating Manual requirements. The following documents may be requested from the underwriting file normally prior to Claim submission.

- Transmittal Summary (1008)
- Underwriting conditions
- Signed Application (1003)
- Credit Report or alternative credit documentation
- Verification of Income (not necessary for SIVA, SISA, and NINA Loans)
- Verification of Employment if applicable
- Verification of source of funds if applicable (not needed for VISA, SISA, and NINA Loans)
- Purchase Agreement or Sales Contract (not needed for refinance)
- Appraisal (1004)
- Signed HUD-1
- IRS Form 4506-T
- Note
- Deed of Trust/Mortgage
- Borrower authorization
- Automated Underwriting System (AUS) findings if applicable
- Lender's approval
- Lender's Loan program if available

These Underwriting documents should be emailed to originatondocs@rmic.com or mailed to RMIC, 101 N. Cherry St., Suite 101, Winston-Salem, NC 27101 (or P.O. Box 2514, Winston-Salem, NC 27102).

For further inquiries contact: 800-884-RMIC (7642); Select "3" for Claims & Loss Mitigation.

Sold Claims – Marketing the REO Property

In accordance with RMIC's Master Policy, RMIC requires you to market the subject Property to mitigate the Loss.

Claim Settlement

Upon acceptance of a complete and Perfected Claim, RMIC will, at its option, either:

- Purchase the Property
- Relinquish all rights to the Property and pay the optional guaranty
- Pay the lesser of the optional guaranty or the lender's shortage if the lender sells the Property with RMIC's approval

Explanation of Benefit (EOB)

An EOB is provided for each Claim settlement. It shows an itemized Claim as submitted to RMIC and an itemized column for all allowed line item amounts. If any changes are made to the submitted amounts, the reasons for the adjustments will be explained on the EOB. The EOB can also be accessed at <https://rmicdirect.rmic.com>.

Subrogation and Deficiency Judgments

After payment of a Claim, RMIC is subrogated to the Insured's rights of recovery of the deficiency balance. Instructions regarding required bidding to preserve deficiency rights are addressed under **Delinquent Loans, Notice of Foreclosure Sale (NFS) Form**.

Should RMIC decide to pursue the Borrower for a deficiency judgment, we will request that certain documents be executed by the Insured to transfer Recovery Rights to RMIC. The Master Policy provides guidelines also for the joint sharing of expenses and recoveries should the Insured and RMIC decide to jointly pursue the judgment.

Appeals

There may be times when RMIC deems it necessary to rescind coverage, deny a Claim, cancel a Certificate, or curtail a Claim payment. Should the Insured decide to appeal or dispute a rescission, Claim denial, cancellation, or curtailment after the Claim is already settled, we would ask that the appeal be submitted as early as possible in order for RMIC to address the issues promptly.

Appeals for rescissions or cancellations may be sent to policyviolations@rmic.com.

Appeals for Claim denials or curtailments may be sent to claimappeals@rmic.com.

Appeals or disputes should not be confused with submission of supplemental Claim expenses. Supplemental additional expenses must be received in our office within 180 days of the original Claim for Loss receipt (see Mortgage Insurance Claims for further information regarding filing supplemental Claims).

Forms

Forms related to the Claims process of RMIC insured Loans can be found on our website at www.rmic.com under the Guides and Forms section.

Contact Us

Please contact the RMIC Claims Group with any questions.

Phone: 800-884-RMIC (7642); Select "3" for Claims & Loss Mitigation

Fax: 866-245-7642 (Delinquencies & Claims)

Email for Claims Submissions: ClaimsServicingTeam@rmic.com

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Our mailing address is:

RMIC
Claims Department
101 North Cherry Street
Suite 101
Winston-Salem, NC 27101
P.O. Box 2514 (27102)

We also invite you to visit our website at www.rmic.com and the self-service application RMICDirect 24 hours a day, 7 days a week.

Republic Mortgage Insurance Company
Republic Mortgage Guaranty Insurance Corporation
Republic Mortgage Assurance Company
P.O. Box 2514 Winston-Salem, NC 27102
101 North Cherry Street Suite 101 Winston-Salem, NC 27101
800-999-RMIC (7642) www.rmic.com 9.17