

Arch MI Claims and Servicing Bulletin

Arch MI recognizes these are very difficult times for homeowners and lenders. We stand together with the servicing community to support streamlined and effective loss mitigation programs. We also affirm our commitment to support any policies related to COVID-19 that are issued by Fannie Mae and Freddie Mac.

First Payment Default

For loans closed from March 1, 2020, through December 31, 2021, Arch MI will provide insurance on new loans if the borrower seeks a COVID-19-related forbearance prior to making the first loan payment, provided the loan is originated and closed in compliance with applicable law, and all underwriting terms and conditions have been fully satisfied, including the borrower being employed at the time of closing.

Rescission Relief

For loans that enter a COVID-19 forbearance plan from March 1, 2020, through December 31, 2021, the loan may still be eligible for rescission relief regardless of which Master Policy the loan is insured under. If a borrower misses mortgage payments during a COVID-19-related forbearance, those missed payments will not disqualify the loan from rescission relief, as long as the borrower resumes making payments and all other applicable Master Policy requirements are met after taking into consideration the forbearance period.

First Thirty-Six Months Test — Under the 2020 Master Policy (3800.00), a loan may be subject to a disaster-related forbearance agreement during the first thirty-six (36) months if it is subsequently brought current through a lump sum reinstatement, a permanently modified loan or a completed repayment plan, each in a manner that is materially consistent with the GSE Representation and Warranty Framework. Eligibility for rescission relief will be determined once the loan has reached its 36th scheduled payment date, based on the original amortization period and may be eligible as long as all other payment requirements outside the forbearance are met. Under all prior Master Policies, eligibility for rescission relief will be determined after the borrower concludes the 36th payment.

First Twelve Loan Payments — For loans that enter into a COVID-19 forbearance plan from March 1, 2020, through December 31, 2021, and for those Insureds that have the Independent Validation Endorsement on the policy and seek relief when the “First Twelve Loan Payments” are made, the 12 monthly loan payments requirement can still be met if the borrower resumes payments at the end of the forbearance period and concludes the 12th payment without further interruption by the borrower. All terms and conditions under your applicable Master Policy remain the same and Arch MI reserves all its rights under such Master Policy.

Loss Mitigation

Payment forbearance can be a useful tool to assist a borrower through a temporary hardship and Arch MI does not require approval for a forbearance agreement. For Loan Modification activity, all GSE loans are delegated and no additional approval is required when GSE guidelines are followed. Forbearances due to COVID-19 are expected to be reported to Arch MI in your regular monthly reporting. For non-GSE loans, if you do not have any additional delegations in place, please contact our Loss Mitigation department for approval at claims.support@archmi.com or call us at 877-642-4642 (option 4).

Claims

With the massive number of stay-at-home orders in place and the virtual shutdowns of courts, we realize executing on the claim process might be challenging and the ability to obtain documents significantly impaired. With that in mind, claim filing-time requirements are temporarily relaxed for claims that were not time-barred under the terms of the applicable Master Policy as of January 1, 2020. For clarity, any claim that is 1) not time-barred as of January 1, 2020, and 2) filed late between March 1, 2020 and December 31, 2021, will be accepted and subject to our regular claim review. Timelines are extended for document delivery as it relates to claims, as well.

For claims pending or received during this time period, Arch MI will not close a claim without payment for a late document. For claims paid between March 1, 2020, and December 31, 2021, the time period for filing Supplemental Claims with trailing expenses is being extended from 90 days to 180 days.

Reporting

Default Reporting — Many of you have asked us for direction in reporting COVID-19 affected loans. For forbearance loans that are 45 days past due, we ask for you to report to Arch MI using the default reason Energy Environmental Cost, which is currently being repurposed for COVID-19 related forbearance and delinquencies. If your company reports delinquencies through an ADR file, any COVID-19 affected loans should be reported as Non-Pay Code 12 (Energy/Environmental Costs). If you report delinquencies via **CONNECT**, please choose Energy/Environmental Cost in the drop-down under Non-payment Reason. If, for any reason, you are unable to report these non-pay reasons above, please send a spreadsheet of all loans affected by COVID-19 to defaultreporting@archmi.com. This will enable us to accurately track COVID-19 affected delinquencies in our system.

MILAR — If your company also sends MILAR reporting to Arch MI, please use Reason for Delinquency 12 (Energy/Environmental Cost) for all COVID-19 affected loans. Arch MI will accept both the 169 MILAR and the 32-field Mini MILAR.