

MI Retention Solutions Program (RSP) Questions & Answers

What is the MI Retention Solutions Program (RSP)?

Effective March 1, 2010, the Mortgage Insurance Companies of America (MICA) acted together to enhance support of HAMP and expand the MI Second Look process. The MI Retention Solutions Program (RSP) was developed to streamline processing for servicers by more closely aligning the HAMP process for loans with MI with the processes used for non-MI loans.

If a loan fails to qualify under **all** modification options, the servicer needs to determine if an advance claim payment could make a modification possible. Additional workout programs and advance claim options under RSP are now available to non-GSE loans. While GSE loans are eligible for RSP, currently they are not systemically equipped to accept an advance claim.

What is an advance claim?

An advance claim is an advance payment made by United Guaranty to assist a borrower to qualify for a loss mitigation program.

What are the borrower and loan eligibility requirements for the RSP program?

- Loan is ineligible, or fails to qualify for, a HAMP modification and subsequently fails to qualify for all other available non-HAMP modification or other cure related workout options.
- Documented hardship.
- Loan is two payments past due.
- The property must be an owner-occupied, 1-4 unit primary residence.
- Non-GSE loans only. (the program may apply to GSE loans at a later date)

How is the advance claim amount determined?

- **HAMP Modifications:** The advance claim amount requested should be the amount needed bring a failed NPV to neutral.
- **Non-HAMP Modifications:** The advance claim amount is the difference between the best modification alternative and the amount needed to create a positive cash flow by reducing the arrearage, subsidizing the borrower's monthly mortgage payment for a period of time, or some other calculation to make the modification work.

What is a 'failed NPV'?

A loan has failed the Treasury's Net Present Value model when it is more expensive to modify a loan than to let the borrower go into foreclosure.

How does an advance claim affect the total MI benefit?

The advance claim is deducted in the event of a future claim. The amount of the total MI benefit does not change. The amount of the advance claim plus the final claim payment will equal the total MI benefit amount. With RSP, the investor and borrower benefit from application of the advance to cure a default enabling a continuation of cash flows. The modification reduces the risk that the loan will result in a claim in the future.

What if coverage on the loan is rescinded for fraud?

In the event of recession of coverage, United Guaranty will recover the amount paid as applicable.

What happens if the loan re-defaults?

In the event of re-default and the loan goes to claim, the advance claim amount will be deducted from the claim.

What happens if the advance claim request is denied?

United Guaranty will work with you to assess other foreclosure avoidance alternatives for the borrower such as a short sale or deed-in-lieu.

If the Pooling and Servicing Agreement (PSA) for the loan does not allow modifications beyond HAMP, can the loan still be submitted for RSP?

Yes, if the PSA doesn't allow for any other mediation types beyond HAMP, the loan should be reviewed to determine if the borrower can be assisted by an advance claim payment to make the modification possible.

Can GSE loans be submitted under RSP?

Not at this time. While GSE loans are eligible for RSP, currently the GSEs are not systemically equipped to accept an advance claim. In the future we expect GSE loans to be eligible.

Are there tax implications to the borrower if an advance is applied to the loan?

Borrowers should consult their tax advisor regarding tax implications.

What are the documentation requirements under RSP?

- ✓ RSP Submission Template
- ✓ Current workout package including, but not limited to, the following:
 - Hardship letter
 - Income Verifications
 - Bank Statements
 - Debt Verifications
 - Copy of the input and output fields generated from NVP model, if applicable.

How are RSP requests submitted?

Submit the encrypted RSP Submission template and current workout file to:

Email: workout@ugcorp.com

Fax: 336.275.2893

In the subject line for e-mail or fax submissions, identify each request submitted for RSP review as an "MI RSP Request".

How are advance claim payments disbursed?

The advance claim payment will be remitted to you once the modification is reported in writing as completed (including the trial period) within 30 days of the effective date of the modification. The loan default cure must be reported to us through standard delinquency reporting.

Whom should servicers contact for United Guaranty Loan Modification Support?

If you have questions, please contact United Guaranty's Workout Department by e-mail at workout@ugcorp.com or by phone at 800.603.3565.