

UNITED GUARANTY'S POLICY COMMITMENT LETTER

United Guaranty, along with other U.S. Mortgage Insurers, has filed a new Master Policy and Policy Commitment Letter (PCL) that was approved by Fannie Mae and Freddie Mac (the GSEs) for loans they will purchase. The master policy will be effective in all 50 states and the District of Columbia for all applications take on or after October 1, 2014.

What is a Policy Commitment Letter (PCL)?

The PCL sets the mutual agreement on terms and conditions between United Guaranty and each lender on how we will conduct business. With the PCL lenders receive detailed instructions and clarification on topics including United Guaranty underwriting requirements, insured-specific underwriting requirements, insured-specific pricing and term sheets, and loss mitigation delegation agreements.

The PCL is not a filed document. It does not override any part of the master policy, but ties the pieces of the master policy together. It defines the roles and responsibilities of United Guaranty and the lender and contains attachments such as Underwriting Requirements. As we go forward, it will be amended when we agree to changes, waivers, etc. It will provide an archive of what both parties agreed to and modified over time. If a lender has specific Underwriting Requirements, the PCL will reflect that change so that we have a written record of all changes.

Why is United Guaranty providing a separate Policy Commitment Letter?

The GSEs mandated that all MI master policies cover the more critical processes in their policies in a similar manner, thus eliminating the need for the GSEs to manage multiple processes for handling critical loan transactions across the different MIs. The PCL is unique in the industry and allows us to better meet the needs of individual lenders.

This document strengthens the Master Policy Terms and Conditions and provides clarity to the lender on any and all topics not specifically addressed by the Master Policy. It also tracks and records information specific to each lender's underwriting requirements and exceptions.

United Guaranty looks forward to providing an unmatched level of certainty to our lending partners for insuring their high LTV ratio loans today and for the future and providing coverage that is not only satisfactory but also preferred by all mortgage investors.

How will the PCL be implemented?

The PCL is part of the Master Policy package we sent electronically to Master Policy contacts between February 18 and February 28. It will be effective with the new Master Policy on the date that will be set by the GSEs (we anticipate the date will be in the fall of 2014). The PCL is specific to each customer and must be executed (signed and returned) in order for United Guaranty to insure loans on and after the effective date of the new master policy (it does not affect loans that are insured under the current policy)

If you have questions or need additional information, contact your United Guaranty Account Executive, the United Guaranty Master Policy Team at 800.858.3550, or mpadmin@ugcorp.com.

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