

## CU Home Preservation Loan Modification Program

**The CMG MI CU Home Preservation Loan Modification Program offers Credit Unions a loss mitigation intervention on imminent risk of default and delinquent loans that are CMG MI insured to provide relief to their member(s) who are in imminent risk of becoming delinquent or are delinquent. A member is in imminent risk of default if he/she is likely to become delinquent on a loan due to a hardship such as, but not limited to, illness, job loss, or rate increase on an existing loan, making the member unlikely to continue making timely payments. CMG MI-insured Fannie Mae, Freddie Mac, other investors, and portfolio loans are eligible under this program.**

This modification program does not replace the CMG MI Instant Modification Program which is available for modification of terms specified in the loan instrument, such as balloon resets and ARM conversions, or the CMG MI EZ-Refi Program.

A CMG MI-insured loan can be modified by the lender or servicer under the CMG MI CU Home Preservation Loan Modification Program to allow the lender or servicer to provide relief to a borrower at risk of becoming delinquent or is delinquent. The loan that falls within CMG MI's Home Preservation Loan Modification Program is treated as a modification to an existing certificate and a new certificate number will not be issued. The premium rate on the modified certificate is not changed. Since CMG MI is insuring the existing loan, loans that fall under this program are not subject to CMG MI's current Program Guidelines and Distressed Markets Policy, provided that the modification improves the member's financial position.

**CMG MI is committed in working with our Credit Union servicers in every way to improve the members' ability to make their mortgage payments. Our goal is to help the members stay in their homes. If a modification request does not meet the below requirements, please contact our Underwriting Network at 888.746.6264.**

To qualify for the CMG MI Home Preservation Loan Modification Program, the minimum eligibility requirements must be met:

<b>CMG MI CU Home Preservation Loan Modification Eligibility Requirements</b>	
<b>Eligible Lender</b>	The submitting lender must be the current servicer and/or originator of the existing mortgage and have the original underwriting file
<b>Mortgage Insurer</b>	The loan must already be insured by CMG MI and the certificate must be current and in-force
<b>Distressed Markets</b>	CMG MI's Distressed Markets Policy does not apply to this program
<b>MI Coverage</b>	<ul style="list-style-type: none"> <li>MI coverage percentage will be the same on the existing loan. Increases to coverage are not allowed.</li> <li>The type of mortgage insurance on the loan cannot be changed. A borrower-paid mortgage insurance policy will remain as a borrower-paid mortgage insurance policy.</li> </ul>
<b>MI Premium Rate</b>	<ul style="list-style-type: none"> <li>The MI premium <i>rate</i> (in basis points) will remain the same. If the unpaid principal balance of the modified loan is greater than the original loan amount, the premium <i>amount charged</i> will increase.</li> <li>The premium renewal may be changed from constant to amortizing.</li> </ul>

<b>MI certificate number</b>	The CMG MI certificate number will remain the same. The existing certificate will be modified with new terms.
<b>Unpaid Principal Balance</b>	<ul style="list-style-type: none"> <li>No penalties, processing or late fees can be capitalized into the Unpaid Principal Balance (UPB)</li> </ul> <p>The following items can be capitalized to the existing UPB:</p> <ul style="list-style-type: none"> <li>Past due Hazard Premiums, HOA Dues, Interest, Property Taxes</li> </ul>
<b>Loan Type</b>	<ul style="list-style-type: none"> <li>The member should not be modified into a more risky loan type.</li> <li>The following loan types are eligible: <ul style="list-style-type: none"> <li>Fully amortizing fixed-rate/fixed-payment</li> <li>Adjustable rate mortgage with an initial fixed rate of no less than 5 years</li> <li>Interest-only loans for limited circumstances where needed to allow sustainable payments</li> </ul> </li> <li>The modified loan cannot provide for potential or scheduled negative amortization</li> </ul>
<b>Amortization Term</b>	Maximum 40-year amortization term
<b>Property Type</b>	The property type is the same as the original insured loan.
<b>Occupancy</b>	The occupancy is the same as the original insured loan.
<b>Borrowers</b>	The modification is for the currently insured member(s); no assumptions. Changes due to divorce or death could result in a removal or name change of the insured member(s).
<b>Borrower Impact</b>	<p>The modified loan must improve the member's financial position which may include the following:</p> <ul style="list-style-type: none"> <li>Reduction in interest rate</li> <li>Reduction in P &amp; I payment</li> <li>Reduction in principal balance</li> <li>Extending the ARM fixed rate period</li> <li>Extending the loan or amortization term</li> <li>Providing a more stable payment product</li> </ul>
<b>Documentation/Verification</b>	<ul style="list-style-type: none"> <li>Verbal verification of employment is required to be performed by the lender for all loans</li> <li>Modification plan shows positive cash flow for member after all payments are reworked</li> <li>Member's monthly mortgage payment is reduced</li> </ul>
<b>Other</b>	The original representations of the Insured remain intact and in full force. The Credit Union represents and warrants that all the information as indicated on the CMG MI Loan Modification Form is true and accurate. CMG MI continues to reserve all rights under its Master Policy, including the right to rescind coverage for reasons stated in the Master Policy or in accordance with applicable law. Credit Union and/or Servicer must provide to CMG MI with the original loan file and/or refinance or modification file upon CMG MI's request.

**Loan Modification Submission to CMG MI**

- Complete the CMG MI Loan Modification Form and fax to 888.763.2264

### **Other Conditions**

- The Credit Union is responsible for ensuring that a loan modification complies with applicable laws, regulations and the provisions of any applicable securitization documents and/or has obtained investor approval. CMG MI is not a party to these agreements and has no obligation to confirm whether the proposed modification of a loan complies with applicable legal requirements or, if in a security, conforms to the relevant terms and conditions contained in the securitization documents.
- By its approval of a modification hereunder, CMG MI does not intend to alter, waive, or otherwise abrogate in any way any of CMG MI's rights under the lender's applicable Master Policy and/or endorsements and/or other agreements with respect to the modified loan, including but not limited to the right to rescind or exclude coverage on a loan at any time (pre- or post-modification) under the negligence and fraud exclusion in the applicable Master Policy.
- Some third-party modification programs require an increase in the percentage of mortgage insurance coverage. Please note that CMG MI is unable to increase the coverage percentage on an existing certificate. If your modification requires a higher coverage level than the existing loan, you will need to submit the loan as a new request for mortgage insurance coverage under the CMG MI Conforming and Non-Conforming Program.
- If the Unpaid Principal Balance (UPB) at the time of modification exceeds the original loan amount, the premium renewal rate will be applied to the modified UPB using an amortizing renewal plan.

### **Current Certificate**

To determine if the member's loan is currently insured by CMG MI, please call our Customer Service team at 800.909.4264. Credit Unions with access to e-servicing can log in at [www.e-cmgmi.com](http://www.e-cmgmi.com).