



CMG MI Guidelines for CU HomeKeepers Loan Modifications

When to Consider a Loan Modification using CU HomeKeepers

- ◆ A loan modification is the preferred CU HomeKeepers strategy, in situations where temporary income loss or other life events cause the member to become delinquent or be at imminent risk of delinquency. The member should show a commitment to keeping the home and demonstrate a plan to recover financially.

Key Factors to Consider for a Successful Loan Modification using CU HomeKeepers

- ◆ The member is employed and has stable income flow
- ◆ Modification plan shows that Member has positive cash flow after all monthly payments and income are reviewed

Other Considerations for CU HomeKeepers Loan Modifications

Please note: The decision to approve a loan modification is delegated to the Credit Union. Your Credit Union's policies and investor guidelines will need to be considered in your decision.

Modifications requests that do not appear to be sustainable or fall significantly outside our guidelines will be identified for rework or re-submission.

- ◆ To keep the policy in force following the modification, CMG MI must receive the loan modification request form for processing.
- ◆ To reach a sustainable modified payment plan, we recommend the use of the 'waterfall' process (similar to Fannie Mae). The steps in priority are: a) verify income and expenses; b) reduce interest rate; c) change amortization; d) re-capitalize arrearage; e) principal forbearance.
- ◆ To be eligible for a CMG MI loan modification, a loan may be delinquent, at imminent risk of delinquency, or performing. Preserving home ownership by improving the members risk position is the primary goal.
- ◆ While we do not require it, we recommend a trial payment period of two months (like the Fannie Mae guideline) to demonstrate the member's ability to perform.
- ◆ Re-capitalization of past due payments and expenses is allowed. Processing fees, late fees or penalty fees are not allowed in the re-capitalization plan.
- ◆ If the unpaid principal balance (UPB) is increasing due to a re-capitalization, the policy premium and subsequent monthly billing will be based on the new UPB. A subsequent claim will be calculated on the new UPB as well.
- ◆ Policy percentage coverage remains the same.
- ◆ CMG MI imposes no restriction on loan-to-value or combined loan-to-value at time of modification.
- ◆ CMG MI does not allow negative amortization.