



Radian's GSE Refinance Modification Program Policy

October 1, 2020

For loans owned or securitized by Fannie Mae or Freddie Mac

This document outlines Radian's GSE Refinance Modification Program, where Radian will modify an existing MI certificate and transfer coverage to a new refinance loan for homeowners who qualify under the Fannie Mae High Loan-To-Value Refinance Option or Freddie Mac Enhanced Relief RefinanceSM program initiatives¹. All loans must meet Radian's GSE Refinance Modification Program eligibility requirements outlined below.

In an effort to facilitate the insured lender/servicer's refinance loan process, Radian will:

- Require one document, the [Notification of Mortgage Insurance Modification](#) to identify and complete the modification request. See the Servicer Resource page on our website to access [Radian's Origination & Servicing Guide](#) for submission requirements.
- Issue a Letter of Intent to Modify which includes the MI coverage specifics necessary for the insured lender/servicer to close the loan.
- Upon closing, Radian will issue a Certificate of Insurance Endorsement for Loan Modification on all Radian insured loans refinanced under Radian's GSE Refinance Modification Program. This applies to both same and new servicer transactions.

Eligibility

- The loan being refinanced is currently insured by Radian and is performing as defined by the applicable GSE program guidelines.
- The insured lender/servicer on the refinance transaction must be a Radian Master Policy holder in good standing.
 - If the new insured lender/servicer is not a Master Policy holder, they must complete Radian's [Master Policy Application](#) and meet our lender approval requirements prior to closing the refinance transaction.
 - The lender/servicer submitting the Post-Closing Modification Order must be the insured party on the new loan or the authorized sub-servicer.
- The loan being refinanced is a first lien conventional mortgage currently owned or securitized by Fannie Mae or Freddie Mac.
- The existing loan must have a note date on or after October 1, 2017, and be seasoned for a minimum of 15 months prior to the note date of the refinance transaction.
- The new refinance loan must be underwritten, approved and closed in compliance with all applicable GSE program requirements and underwriting guidelines.
- Radian's transference of the existing MI coverage to the new refinance loan relies strictly on the Insured Lender/Servicer's certification of compliance (confirmation that the loan is Fannie Mae High Loan-To-Value Refinance Option or Freddie Mac Enhanced Relief Refinance eligible). The Insured Lender/Servicer is not required to have delegated underwriting authority in order to provide this certification.
- The existing MI certificate will be transferred to the new loan and an incremental premium will not be charged regardless of the original premium source. A new MI certificate will not be issued, therefore; if a new MI certificate is required, the refinance loan must qualify according to Radian's published Underwriting Guidelines.
- Radian will grant rescission relief when and if the refinance loan would be eligible for such relief. Please see the applicable Radian Master Policy, Origination & Servicing Guide, and Interim Servicing Guidance for details.

¹ Effective December 31, 2018, Radian's HARP Eligible Modification program was retired and the Radian's GSE Refinance Modification Program is available for eligible refinance applications received on or after November 1, 2018.

Eligibility

Underwriting

- **Benefit to the Borrower:** The transaction must provide a benefit to the borrower through one of the following:
 - A reduction in the interest rate.
 - A reduction in the loan amortization term.
 - A reduction in the monthly principal and interest payment.
 - A change from an adjustable rate mortgage to a fixed rate mortgage product.
- **Loan Term:** May not exceed 30 years.
- **Loan-to-Value (“LTV”):** LTV ratio for new refinance loan must exceed maximum allowable LTV limits for Fannie Mae or Freddie Mac standard no cash-out refinance transactions.
- **Occupancy:** A change in occupancy is permissible if it complies with the terms under the applicable GSE program guidelines.
- **Timing:** New mortgage must have a note date on or after January 1, 2019.
- **Borrowers:** Under certain circumstances, existing borrower(s) may be removed, but the addition of a new borrower(s) is not permitted.
- **Loan File:** Radian will not perform an MI underwrite or accept the new refinance loan file for contract underwriting review.

Modified MI Certificate Specifics

- **Coverage Percentage:** The percentage of coverage and terms of said coverage in force at the time of original MI certificate will remain in place at the time of modification. No changes are permitted.
- **Payment Plan Frequency:** The payment plan frequency (monthly, annual, single) in effect on the original MI certificate remains the same. This applies to borrower-paid MI and lender-paid MI premium source changes.
- **Premium Source:** Radian will allow a current lender paid MI certificate with a renewal premium to convert to borrower paid MI upon completion of the new refinance loan transaction. Likewise, borrower-paid MI may convert to lender-paid MI (this does not apply to loans included in a Radian-issued pool policy). The MI premium rate on the original MI certificate will remain the same.
- **Premium Payment:** Premium payments must continue as scheduled in order for existing MI coverage to be extended and remain in force. Radian’s deferred premium payment option is available only at the time of original certification and consequently, is not available on a refinance modification loan. MI certificates with single premium plans do not require any additional payment.
- **Premium Refunds:** Refunds, if applicable, follow standard refund procedures. Refer to our Origination & Servicing Guide for handling of refunds after cancellation.
- **Pricing:** MI renewal premiums are calculated using the new refinance loan amount and the MI premium rate in effect on the MI certificate for the original loan being refinanced.
 - If declining renewal payment plan, the payment due, based on the current unpaid principal balance, will reset on the next premium anniversary date.
 - For existing MI certificates with a constant renewal option:
 - If the MI certificate has reached the 11th year, the step down rate in effect will not change with the new refinance transaction; or
 - If the MI certificate has not yet reached the 11th year, the date for the step down rate will be recalculated using the refinance transaction note date. On the 11th anniversary of the refinance note date, the MI rate will step down, and stay at that rate through policy end.
- **Renewal Option:** Radian will allow a change in renewal option (constant, declining). The MI rate in effect on the original MI certificate will remain the same. However, when a change from declining to constant is made, the 11th year anniversary MI rate is added. If declining, the payment due based on the current unpaid principal balance will reset on the next premium payment anniversary date.