

**Announcement SEL-2011-07****July 29, 2011****Suspension of Republic Mortgage Insurance Company and Republic Mortgage Insurance Company of North Carolina as Approved Mortgage Insurers**

As of September 30, 2010, Republic Mortgage Insurance Company (RMIC) fell below the minimum policyholders' position required by its domiciliary state of North Carolina. Under North Carolina law, the minimum policyholders' position is not less than one twenty-fifth of the insurer's aggregate insured risk outstanding, excluding reinsurance ceded and including reinsurance assumed. RMIC received waivers from this requirement from its regulator, the North Carolina Department of Insurance (NC DOI), and thereby was temporarily allowed to continue writing new business. The recent extension of the waiver granted by NC DOI expires August 31, 2011, with no indication that any further extensions will be granted under RMIC's current circumstances. It is Fannie Mae's understanding that NC DOI will prohibit RMIC from writing any new mortgage insurance policies in North Carolina on or after September 1, 2011.

**Suspension**

In response to NC DOI's action, Fannie Mae is suspending nationwide both RMIC and its affiliate, Republic Mortgage Insurance Company of North Carolina (RMIC-NC), as approved mortgage insurers effective immediately as provided by Fannie Mae's Qualified Mortgage Insurer Approval Requirements, as well as per the terms of RMIC-NC's limited approval.

As a result, Fannie Mae will not purchase or securitize any mortgage loan insured by RMIC or RMIC-NC that is dated before May 1, 2011 or on or after September 1, 2011. Only RMIC- and RMIC-NC-insured mortgage loans that have note dates during the intervening period are eligible. This eligibility window is intended to provide a reasonable period for pipeline clearance. In addition, eligible mortgage loans (those insured by RMIC and RMIC-NC that have note dates on or after May 1, 2011 and before September 1, 2011) must have pool issue dates on or before November 1, 2011 for MBS, or have delivery dates on or before November 30, 2011 for whole loans. This includes mortgage loans having either borrower-paid or lender-paid mortgage insurance from RMIC or RMIC-NC.

**Existing RMIC and RMIC-NC Insurance**

Fannie Mae will continue to accept delivery of certain RMIC- and RMIC-NC-insured refinanced loans (RefiPlus™, DU RefiPlus™, and modified or refinanced balloons) for both MBS and whole loan purchase, but only if continuation of the coverage is effected through modification of the existing mortgage insurance certificate.

Servicers should continue to renew coverage with RMIC and RMIC-NC when existing policies expire unless and until notified otherwise by Fannie Mae. Any requirement to cease renewing RMIC and RMIC-NC policies will be communicated to servicers with sufficient notice.

## **Acceptable Conventional Mortgage Insurers and MI Codes**

The list of *Acceptable Conventional Mortgage Insurers and MI Codes for Loan Delivery* that appears on [eFannieMae.com](http://eFannieMae.com) is amended effective immediately to expressly indicate that (in addition to the Fannie Mae delivery deadlines referred to above) the only mortgage loans insured by RMIC and RMIC-NC that are eligible for delivery to Fannie Mae are those dated on or after May 1, 2011 and before September 1, 2011 or those refinances where continuation of coverage has been provided. RMIC and RMIC-NC loans are identified by use of MI Code 13.

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Lenders who have questions about this Announcement should contact their Customer Account Team for additional information.

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