



Mortgage Insurance (MI) Factor Fact Sheet

Updated July 6, 2020

<p>What is MI Factor?</p>	<p>Streamlined approach to the MI claim settlement process designed to save servicers time without adding risk.</p> <p>Claim timelines will be more transparent, providing servicers with greater certainty and accuracy in forecasting claims and allocating resources.</p> <p>NOTE: <i>The MI Factor program will be effective for eligible claims filed on or after October 1, 2018 for Mortgage Guaranty Insurance Corporation (MGIC), Genworth, ARCH/United Guaranty, Radian. Claims filed on or after July 1, 2020 with Republic Mortgage Insurance Company (RMIC) are eligible. MI claims filed on or before September 30, 2018, will be processed the standard way.</i></p>
<p>Process Framework</p>	<p>An MI claim is made up of three parts: Unpaid Principal Balance (UPB), Delinquent Interest, and Foreclosure/Property Expenses. MI Factor allows for the use of “Factors” in lieu of the expense portion of a claim. While this is the smallest portion of a claim (around 5%), it produces the most work for all parties involved due to disallowances and curtailments. Since the “Factors” are agreed upon in advance (MI companies sign a contract with Fannie Mae), this new MI Factor program results in no disallowances or curtailments.</p> <p>MI Factors are based upon paid expenses from last paid installment date to loan liquidation. These expenses are used in an algorithm that uses statistically significant loan characteristics to produce factors. The Factors have been extensively back tested over a 13-year period and were found to perform as expected. In order to keep up with market changes, the Factors will be updated annually. This annual process will take place between Fannie Mae and the MI Companies. For servicers, the process will be seamless.</p>
<p>Simplified Process</p>	<p>Delivers a streamlined approach to settling claims, significantly reducing the time, cost, and complexity of the process.</p> <p>Servicers must file and perfect claims as they do today. However, because there will be no MI disallowances or curtailments, servicers will not be billed for curtailments and could experience faster MI claim payments.</p>
<p>Servicer Benefits</p>	<ul style="list-style-type: none"> • MI Factor eliminates the need for supplemental claim filings. • Servicers are no longer billed for MI claim curtailments and disallowances. • MI Factor claims are settled more efficiently with less paperwork, simplifying the process, reducing cost, and increasing certainty.
<p>The Impact</p>	<p>Servicers will continue to provide required documentation to the MI companies.</p> <p>MI Factor does not impact denials, cancellations, or rescissions - these will be business as usual.</p> <p>Applies to all liquidation types regardless of when the loan was originated, so long as the mortgage insurer providing the MI policy on the loan is participating in the MI Factor program: REO, Short Sales, Deed in Lieu, and Third-Party Sales.</p> <p>Explanation of Benefits (EOB) will be slightly different to show the claim was settled under MI Factor. EOBs may differ between the MI Companies, but all contain a note stating the claim was settled under MI Factor.</p>



MI Companies

We anticipate that most MIs will eventually be part of the MI Factor program. Currently MGIC, Genworth, ARCH/United Guaranty, Radian and RMIC are participating.

If the MI company is not participating in the program, claims will be calculated the standard way.

For more information about MI Factor, contact your Fannie Mae Servicing Account Manager, or visit <https://singlefamily.fanniemae.com/servicing>