

Announcement SEL-2011-08**August 22, 2011****Suspension of PMI Mortgage Insurance Co., PMI Insurance Co., and PMI Mortgage Assurance Co. as Approved Mortgage Insurers**

As of June 30, 2011, PMI Mortgage Insurance Co. (MIC) and its sister company PMI Insurance Co. (PIC) both fell below the minimum policyholders' position required by their domiciliary state of Arizona. The primary regulator of MIC and PIC, the Arizona Department of Insurance (AZ DOI), did not take any immediate action to limit their ability to write new business. On August 19, 2011, however, AZ DOI issued a supervisory order directing MIC and PIC to cease offering new commitments for insurance after August 19, 2011 and to cease issuing any new insurance certificates after September 16, 2011.

Suspension

In response to AZ DOI's action, Fannie Mae is suspending nationwide MIC, PIC, and MIC's subsidiary PMI Mortgage Assurance Co. (PMAC), as approved mortgage insurers effective immediately as provided by Fannie Mae's Qualified Mortgage Insurer Approval Requirements, as well as per the terms of PMAC's limited approval.

As a result, Fannie Mae will not purchase or securitize any mortgage loan insured by MIC, PIC, or PMAC that is dated before May 19, 2011 or after September 16, 2011. Only MIC-, PIC-, and PMAC-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 MIC, PIC, and PMAC that have note dates on or after May 19, 2011 and on or before September 16, 2011) must have pool issue dates on or before December 1, 2011 for MBS, or have delivery dates on or before December 30, 2011 for whole loans. This includes mortgage loans having either borrower-paid or lender-paid mortgage insurance from MIC, PIC, or PMAC.

Existing MIC, PIC, and PMAC Insurance

Fannie Mae will continue to accept delivery of certain MIC-, PIC-, and PMAC-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 MIC, PIC, and PMAC when existing policies expire unless and until notified otherwise by Fannie Mae. Any requirement to cease renewing MIC, PIC, and PMAC 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 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 MIC, PIC, and PMAC that are eligible for delivery to Fannie Mae are those dated on or after May 19, 2011 and on or before September 16, 2011 or those refinances where continuation of coverage has been provided. MIC, PIC, and PMAC loans are identified by use of MI Code 11.

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

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