Rescission Relief Guide

Effective date 07/13/2023

Our Gold Cert Coverage provides rescission relief for Significant Defects, Valuation Defects and Borrower fraud on qualifying loans after 36 months, regardless of the submission method. For loans that do not meet 36-month coverage requirements, Gold Cert Coverage provides relief at 60 months.

You can also opt for early rescission relief by submitting certain documents at application and/or after you notify MGIC to activate insurance. Refer to your Master Policy and the following guide for complete requirements.

Summary of Changes

2.02 Rescission Relief for Valuation Defect Only	We updated our documentation requirements to align with Fannie Mae's new terminology
2.04 Automated Tool Rescission Relief	
2.05 Origination and Closing File Documentation	

Table of Contents

Section 1: 36-Month and 60-Month Rescission Relief

Section 2: Early Rescission Relief

2.01	Full Rescission Relief
2.02	Rescission Relief for Valuation Defect Only
2.03	12-Month Closing Document Exception Rescission Relief
2.04	Automated Tool Rescission Relief
2.05	Origination and Closing File Documentation

Section 3: Rescission Relief Appeals

Section 4: Submission Options

Section 5: Rescission Relief Exceptions

Section 1: 36-Month and 60-Month Rescission Relief

All loans receive rescission relief for Significant Defects, including a Valuation Defect, and Single Loan Fraud by a Borrower after 36 months if all the following conditions are met:

- The loan was not in Default by more than 30 days on the due date of the 36th payment
- All loan payments have been made with the Borrower's Own Funds
- No more than 2 loan payments were 30 days late; no loan payment was 60 or more days late
- The loan has not been subject to a Workout, other than a Workout entered into as a result of a Default caused by a natural disaster

For loans that do not meet the 36-month criteria above, Gold Cert Coverage provides full rescission relief for Significant Defects, including a Valuation Defect, when both of the following conditions are met:

- The loan was not in Default by more than 30 days on the due date of the 60th payment, or, if the loan is in Default, the loan subsequently becomes current
- All loan payments have been made with the Borrower's Own Funds

Section 2: Early Rescission Relief

If you choose to participate in early rescission relief options, you may need to submit certain documents and the loan will need to pass our Independent Validation review.

2.01: Full Rescission Relief

A loan will receive full rescission relief for Significant Defects, including a Valuation Defect, if both of the following conditions are met:

- You submit these required documents within 90 days of when you notify us to activate insurance:
    - For delegated loans, submit the complete Origination File (see 2.05.01) and the Closing File documents (see 2.05.02)
    - For non-delegated loans, submit any Origination File documents (see 2.05.01) that have changed or were not submitted at Application and the Closing File documents (see 2.05.02)
- The loan passes our Independent Validation review

Full rescission relief will be effective upon our notification to you following our Independent Validation.

If we indicate concerns regarding the Borrower's occupancy of the Property in our Independent Validation notice, then rescission relief for a Significant Defect relating to the Borrower's occupancy of the Property will be effective when the Borrower has made the first 12 loan payments on time from the Borrower's Own Funds.

2.02: Rescission Relief for Valuation Defect Only

A loan will receive rescission relief for a Valuation Defect if both of the following conditions are met:

- You submit property valuation documents at the time you apply for mortgage insurance or within 90 days of when you notify us to activate insurance. Such documents must include one of the following:
    - Appraisal, including all addenda, attachments, schedules, photographs and other information included by the appraiser, if available
    - Collateral Underwriter® (CU®) Findings or Summary Submission Report (SSR), if applicable. An appraisal, including all addenda, attachments, schedules, photographs and other information included by the appraiser, is also required with the CU Findings or SSR
    - DU®-offered value acceptance (only if no appraisal is available)
    - DU®-offered value acceptance + Property Data Collection (PDC) results (only if no appraisal is available)
    - ACE-offered appraisal waiver (only if no appraisal is available)
    - ACE+Property Data Report (PDR) (only if no appraisal is available)
    - For properties located in areas affected by hurricanes or other significant disasters, see section 1.12 of our Underwriting Guide, Natural Disaster Policy
- The loan passes our Independent Validation review

Valuation Defect rescission relief will be effective immediately upon our notification to you following our Independent Validation.

Issuance of rescission relief for a Valuation Defect does not waive our rights under the Master Policy for any other exclusion from coverage, including Physical Damage or Environmental Impairment.

2.03: 12-Month Closing Document Exception Rescission Relief

A non-delegated underwritten loan may receive full rescission relief for Significant Defects, including a Valuation Defect, without your submission of the Closing File if both of the following conditions are met:

- You submit the required Origination File documents (see 2.05.01) when you apply for mortgage insurance
- We approve the loan for mortgage insurance

Your Commitment Certificate will indicate whether the loan qualifies for:

- Valuation Defect rescission relief effective as of the Certificate Effective Date
- Full rescission relief for all other Significant Defects and Single Loan Fraud by the Borrower effective when the Borrower makes the first 12 loan payments on time from the Borrower's Own Funds

We'll inform you if you are not eligible to participate in the 12-Month Closing Document Exception program.

2.04: Automated Tool Rescission Relief

We will not rescind coverage for a Significant Defect based on the results obtained from the Automated Tools in 2.04.01, 2.04.02 or 2.04.03 if all the following conditions are met:

- Accurate data was used to obtain the Automated Tool results
- You did not obtain any information that conflicts with or invalidates the Automated Tool results
- The information you provided in the Application accurately reflects the Automated Tool results
- The Automated Tool meets our documentation and eligibility requirements

Neither acceptance of an Automated Tool or appraisal alternative for a loan nor issuance of rescission relief for a Valuation Defect waives our rights under the Master Policy for any other exclusion from coverage, including Physical Damage, Environmental Impairment, Single Loan Fraud or Pattern Activity.

2.04.01: Fannie Mae Collateral Underwriter

A loan will receive Valuation Defect rescission relief if the Fannie Mae Collateral Underwriter (CU) Risk Score ≤ 2.5. You do not need to submit valuation documents, but the loan file must contain both of the following documents:

- Collateral Underwriter (CU) Findings or Summary Submission Report (SSR)
- Appraisal, including all addenda, attachments, schedules, photographs and other information included by the appraiser

2.04.02: Fannie Mae DU Approve or Eligible with Value Acceptance

A loan will receive Valuation Defect rescission relief with a valid DU Approve/Eligible with value acceptance. The loan file must contain the final valid DU Findings Report reflecting the exercised DU-offered value acceptance. Relief will not be valid if there is an appraisal on file that has not been submitted, the value acceptance was

invalid under the Fannie Mae Selling Guide, or the Property has Physical Damage or an Environmental Impairment.

2.04.03: Freddie Mac LPA with Automated Collateral Evaluation

A loan will receive Valuation Defect rescission relief with a valid Loan Product Advisor Accept/Eligible with an ACE appraisal waiver or Property Data Report (PDR). The loan file must contain the final valid Loan Product Advisor Feedback Certificate reflecting the exercised ACE results. Relief will not be valid if there is an appraisal on file that has not been submitted, the appraisal waiver was invalid under the Freddie Mac Selling Guide, or the Property has Physical Damage or an Environmental Impairment.

2.05: Origination and Closing File Documentation

2.05.01: Origination File Documents

- Final, valid agency AUS Findings/Feedback Report (if applicable)
- 1008/1077 Uniform Underwriting and Transmittal Summary
- Completed, signed 1003/65 Uniform Residential Loan Application (URLA)
- Credit report and all other credit documentation, including Verification of Rent (VOR) or Verification of Mortgage (VOM)
- Income and employment verification for all Borrowers
- Asset verification for all Borrowers
- Appraisal, including all addenda, attachments, schedules, photographs and other information included by the appraiser
- Property Data Collection (PDC) or Property Data Report (PDR), if applicable
- Collateral Underwriter (CU) Findings or Summary Submission Report (SSR), if applicable
- Sales contract or equivalent, if applicable
- Loan approval, underwriting and/or processing notes, if available
- Any other document used in the underwriting process not listed above

2.05.02: Closing File Documents

- Final Closing Disclosure or other settlement statement, if applicable
- Signed promissory note
- Signed mortgage or deed of trust with all riders
- Title insurance commitment or final title policy
- Final signed loan application (1003/65)
- Any other closing-related documentation that we may request

Section 3: Rescission Relief Appeals

You may appeal the results of our Independent Validation review within 90 days after you receive the results by following the instructions included with our notice. Submit the specific reason for your appeal with the following information:

- MGIC Certificate number
- Borrower's name
- Initial Insured's name
- Servicer's name
- Requestor's name and contact information
- Explanation and supporting documentation not previously provided

Section 4: Submission Options

Submit the rescission relief documents the same way you submit loan documentation:

- Via the Loan Center (See the Loan Center User Guide for details, mgic.com/loancenter)
- Through your loan origination system (LOS)
- Through an electronic data interface
- Via MGIC/Link Servicing

Section 5: Rescission Relief Exceptions

Except as described above for Single Loan Fraud by a Borrower, if we discover any Single Loan Fraud, Pattern Activity or data inaccuracies, we may rescind coverage on the loan(s), regardless of any rescission relief that was granted.

Collateral Underwriter®, CU® and DU® are registered trademarks of Fannie Mae. Loan Product Advisor® is a registered trademark of Freddie Mac.