

Legacy Default and Claims Servicing Guide

Effective July 18, 2022

radian

Revision highlights

Revisions for July 18, 2022

Page	Section	Title	Update Description
12	4.2, B.	Recurring reporting requirements	<ul style="list-style-type: none">This section has been updated to reflect the ADR as the preferred method of submitting monthly default reporting to Radian.
12	4.3	Loan workout/ modification reporting	<ul style="list-style-type: none">This section has been updated to reflect the MILAR full data set template, submitted via SFTP, as the preferred method of submitting loan data to Radian.

Bookmarks are displayed on the left side of the Adobe Acrobat Reader®. All eligibility topics can be accessed by simply expanding and clicking on the bookmark of the section, chapter or subject matter you wish to review.

In addition, **hyperlinks** are provided to take you to another area within the guidelines where you can find additional information on a particular topic. If you click a hyperlink, you may *return to your previous place* by pressing down the alt (Microsoft) or command (Macintosh) key and the back arrow key at the same time on your keyboard.

Should you have any questions about Radian's Default and/or Claims servicing guidelines, please contact our Customer Care team or your Radian representative.

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1. Introduction

This Legacy Default and Claims Servicing Guide (Guide) is intended to provide Servicers with helpful information for meeting Radian's expectations for servicing a delinquent or Defaulted Loan with active Radian mortgage insurance (MI) coverage under Master Policy #RAF1040.

In addition to the information contained within this Guide, please consult Radian's Master Policy #RAF1040 and any endorsements or Radian's pool or other policies, as applicable, to identify specific terms and conditions under which Radian MI is issued. Capitalized terms used herein shall have the meanings as set forth in Master Policy #RAF1040.

Radian's Master Policy #RAF1040 applies to MI applications originated prior to October 1, 2014, as well as our Legacy Origination and Servicing Guide.

MI applications originated on or after October 1, 2014 will be supported under Master Policy #RAF483, as well as our Origination & Servicing Guide.

These documents can be located on Radian's [website](#).

This Guide, as well as our Origination & Servicing Guide and our Legacy Origination & Servicing Guide are reviewed and updated on a regular basis. In the event a policy or process change is implemented the details will be posted on our [Servicer Alerts](#) page located on our website.

Sign up to receive alerts on the [Let's Connect](#) page of our website.

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2. Servicing Standards

Radian MI is issued under the terms and conditions of Radian's Master Policy #RAF1040, which specifically requires that those responsible for servicing Loans adhere to the highest standard of servicing performance. The following guidance is intended to ensure Radian's servicing performance expectations are met.

2.1 Highest standard of servicing performance

Radian defines the term "highest standard of servicing performance" as:

- Utilize industry best practices. Implement and maintain proven processes and procedures used to minimize losses and maximize opportunities for a Borrower to retain their home.
- Adhere to applicable requirements of the Federal Housing Finance Authority's Servicing Alignment Initiative, as they become effective.
- Adhere to all rules and regulations specific to Loan servicing imposed by the Consumer Financial Protection Bureau.

Implied and expressed within, is the Servicer obligation to:

- Comply with the terms and requirements of the applicable Purchase and Sale, Master Servicer, Servicer or Sub-Servicer contracts under which Loan servicing is performed; and
- Comply with all settlements and agreements between the Servicer and any federal or state Attorney General.

Radian's servicing performance expectations align with those established by Government Sponsored Enterprise (GSE) published requirements and/or government mandates including adequate controls for the documentation, maintenance and quality of its mortgage payment records.

In the event Fannie Mae/Freddie Mac requirements differ, applicable GSE guidelines apply. Loans not purchased or securitized by either Fannie Mae or Freddie Mac, may follow the requirements of either GSE, so long as they are consistently followed. GSE published servicing policy is readily available and is incorporated herein by reference without duplicating information.

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3. Default servicing

The efficient and successful servicing of a delinquent Loan may minimize the potential Loss resulting from a Borrower Default.

Claim eligibility is contingent upon existence of the following controls/procedures and execution of the following tasks in compliance with the Master Policy, GSE guidelines and certain timeline requirements.

3.1 Default servicing

A Servicer must employ a well-documented control system for those areas that represent the greatest risk exposure and potential for Losses. A Servicer must establish a system, compliant both with their own internal requirements and applicable GSE requirements, for successfully servicing Loans:

A. Confidentiality of Radian practices and procedures

It is not appropriate to disclose to any uninsured third-party the conditions under which Radian is willing to waive any rights established under the Master Policy and/or to accept a Claim via the approval of a requested workout. The Borrower, real estate agent, Borrower's attorney and other uninsured third parties are not to be provided with communications between Radian and its Insured or the Servicer representing the Insured. Radian's feedback and communications are confidential and meant for the Servicer and/or the Insured only.

B. Communication with the Borrower

Direct and relevant communication with the Borrower is identified within the industry as a best practice for servicing delinquent mortgages. The Servicer's ability to manage contact and influence Borrower payment behavior after right party contact is critical.

C. Delinquency prevention and management

Radian supports all reasonable delinquency prevention and management efforts which help to avoid or cure a delinquency as quickly as possible. These practices should align with those identified by Radian as providing highest standard of servicing.

[Link to Highest standard of servicing performance](#)

D. Collection procedures

The Servicer is expected to follow all applicable collection procedures allowed by law and required to meet the highest standard of servicing to bring delinquent mortgage Loans current as quickly as possible. Collection procedures are specific to each stage of delinquency and Radian supports Servicer collection practices that maximizes re-performance of all Defaulted Loans and at a minimum align with what is detailed within the GSE servicing guide.

E. Bankruptcy proceedings

In the event a Borrower files for protection under bankruptcy, the Servicer must take all actions necessary to protect the security interest over the course of the bankruptcy proceedings.

In accordance with the GSE requirements, the Servicer must report the initiation of bankruptcy proceedings to Radian, even if the Loan is not delinquent.

[Link to Reporting](#)

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1) Bankruptcy management process

A Servicer must have GSE compliant procedures in place to manage bankruptcies, including a system to control and monitor bankruptcy proceedings. A Servicer must document all required actions were taken to manage a specific bankruptcy in a timely and appropriate manner.

F. Foreclosure proceedings

In the event Loan retention or other liquidation workout options are not appropriate, Radian expects that foreclosure proceedings be initiated in accordance with the requirements of the Master Policy. Failure to commence Appropriate Proceedings in a timely manner may result in a reduction or denial of any Claim or cancellation of coverage.

1) Foreclosure overview

The Servicer shall pursue foreclosure proceedings in accordance with appropriate state laws and GSE guidelines through completion. If the Borrower contests the foreclosure or files suit, Radian must be notified via the Monthly Default Report.

2) Foreclosure expectations

- Radian expects a timely referral and commencement of Appropriate Proceedings after a Borrower Defaults, as well as a sustained and reasonable effort to complete the foreclosure according to state requirements.
- The Servicer must notify Radian of any extenuating circumstances beyond the Insured/Servicer's control which prevents a foreclosure action from being completed within the required time frame as described in the Fannie Mae Compensatory Fees Allowable Delays guide exhibit, available on Fannie Mae's website.

Failure to complete a foreclosure action within these time frames may result in a curtailment of Claim.

3) Foreclosure mitigation

Foreclosure alternatives should still be considered throughout the entire process. If appropriate, Radian will authorize postponement or cancellation of foreclosure sales to mitigate Losses. Radian is flexible in the time frames for completion of the foreclosure proceedings, provided the Servicer pursues sustained Loss mitigation efforts and documents how these efforts resulted in the foreclosure delay. If reasonable Loss mitigation efforts and proper documentation are not provided, Radian will enforce the provisions of the Master Policy which may result in a curtailment or denial of a Claim.

4) Foreclosure documentation

Radian may request copies of all foreclosure documents, including the pre-foreclosure title search, foreclosure deed (which need not reflect recordation as long as the deed is complete in every aspect, including signed by a representative of the lien holder, attorney or officer of the company, and notarized), foreclosure complaints, and other notices and decrees. Radian may also request information on whether the foreclosure was judicial or non-judicial and the names of all parties involved in the foreclosure.

Foreclosure sale results are to be sent to Radian at claimsdocumentrequest@radian.com. The Servicer is encouraged to provide evidence of the foreclosure as soon after the sale as possible. Foreclosure sale results must include the Radian Certificate number, bid amount, foreclosure sale date, and the successful bidder.

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5) Preservation of the right to pursue the Deficiency

Upon payment of a Claim, Radian may subrogate to the Insured lender's right to pursue the Borrower for reimbursement of its Loss. Provided applicable state law allows recovery and the cost and time needed to do so is reasonable, the Servicer must instruct its foreclosure attorney to preserve the right to pursue a Deficiency.

6) Foreclosure bid price

For Radian-insured Loans owned by Freddie Mac or Fannie Mae, follow the foreclosure bidding instructions outlined in their respective guides.

For all other Loans, and unless specific foreclosure bidding instructions from Radian are issued, the Insured must bid in accordance with the following state guidelines:

State Guideline Bidding Amount Table

State	Bidding Amount	State	Bidding Amount
AK	Total Debt	MS	Fair Market Value
AL	Total Debt	MT	Fair Market Value
AR	Fair Market Value	NC	Fair Market Value
AZ	Total Debt	ND	Total Debt
CA	Fair Market Value	NE	Fair Market Value
CO	Total Debt	NH	Fair Market Value
CT	Fair Market Value	NJ	Open @ \$100 up to Fair Market Value
DC	Fair Market Value	NM	Total Debt
DE	Fair Market Value	NV	Fair Market Value
FL	Open @ \$100 up to Fair Market Value	NY	Open @ \$500 up to Fair Market Value
GA	Fair Market Value	OH	Fair Market Value
Guam	Total Debt	OK	Fair Market Value
HI	Fair Market Value	OR	Fair Market Value
IA	Total Debt	PA	Open @ Sheriff cost up to Fair Market Value
ID	Fair Market Value	RI	Fair Market Value
IL	Total Debt	SC	Fair Market Value
IN	Fair Market Value	SD	Fair Market Value
KS	Total Debt	TN	Fair Market Value
KY	Fair Market Value	TX	Fair Market Value
LA	Fair Market Value	UT	Total Debt
MA	Fair Market Value	VA	Fair Market Value
MD	Fair Market Value	VT	Fair Market Value
ME	Fair Market Value	WA	Total Debt
MI	Total Debt	WI	Fair Market Value
MN	Total Debt	WV	Fair Market Value
MO	Fair Market Value	WY	Total Debt

Bidding Instructions:

For states that reference "Total Debt", bid Total Debt.

- Total Debt = Unpaid Principal Balance + Accumulated Interest + Advances + Attorney Fees and Costs

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For states that reference “Fair Market Value”:

- The maximum bid cannot exceed Total Debt. For minimum bid, refer to the table below:

IF:	AND:	THEN:
FMV > Uninsured Loan Amount (ULA)	Investor Guidelines indicate to bid > FMV	Bid per Investor Guidelines
	Investor Guidelines indicate to bid ≤ FMV	Bid FMV
FMV ≤ Uninsured Loan Amount (ULA)	Investor Guidelines indicate to bid > ULA	Bid per Investor Guidelines
	Investor Guidelines indicate to bid ULA	Bid ULA
	Investor Guidelines indicate to bid ≤ FMV	Bid FMV

- Uninsured Loan Amount = Total Debt – (Total Debt x MI Percentage (%) of Coverage)
- The broker price opinion (BPO) or Appraisal may not be older than one hundred and twenty days (120) from the foreclosure sale date when evaluating the Fair Market Value price.

Failure to follow proper bidding instructions outlined above may result in an adjustment or denial of Claim.

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4. Reporting

4.1 Event reporting

The following events must be reported to Radian as they may impact the collateral securing the insured Loan.

- Borrower death
- Hazard insurance claim in excess of \$10,000 filed on subject Property; and subsequent completion, if applicable
- Substantial destruction of collateral
- Property vacancy
- Property condemnation
- Title issue adversely affecting the Insured's first lien position
- Charge-off by the Insured or similar event that prevents the Servicer from following Appropriate Proceedings
- Loan workouts/modifications
- Completed short sales/deeds in lieu of foreclosure
- Bankruptcy

In the event an occurrence coincides with Loan Default, this information is expected to be included in the normal Default reporting. For those occurrences which do not coincide with Loan Default, the Servicer is to report the event to Radian via email at customercare@radian.com, upon discovery, no longer than 30 (thirty) days after it is known.

4.2 Loan delinquency

Radian requires that the Servicer report specific delinquent Loan information in order to predict future Claim filings.

A. Initial notification

The Notice of Default (NOD) is to be used at the time of initial notification.

[Link to Notice of Default](#)

Default status	Initial notification
Early-payment Defaults The Borrower fails to make any of the initial 12 monthly Loan payments.	Report no later than day 45 from the first missed payment due date.
Seasoned-payment Defaults The Borrower fails to make three consecutive payments after the first year of timely Loan payments.	Report no later than day 105 from the first missed payment due date.
Current Loan in jeopardy Information made available to the Servicer indicates the Loan is in jeopardy of imminent Default.	Report after a careful review of the facts and circumstances surrounding the case.

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B. Recurring reporting requirements

For all Defaulted Loans reported to Radian, the Servicer is required to provide a Monthly Default Report with the following information on a recurring monthly basis:

- the due date;
- specific reason for Default;
- all contact efforts;
- the specific results of any Borrower contact; and
- any action taken specific to a retention or liquidation workout.

Monthly Default Reports must continue until it has been reported that:

- a. the Borrower is no longer in Default;
- b. the Loan has been paid in full;
- c. the servicing has been transferred (servicing transfers should not be reported as paid in full or cures);
- d. the Borrower has completed the modification trial period and the Loan has been brought current as a result of a completed modification;
- e. applicable bankruptcy/foreclosure proceedings have concluded; or
- f. the Claim has been paid.

In the month following final resolution, such Loans are to be included in the Monthly Default Report for a final status update.

The Automated Default Report (ADR), an industry standard template for Monthly Default Report submissions, can be submitted via EDI or SFTP.

Servicers will need to contact Customer Care for ADR set up, production and submission guidance as technical connectivity will need to be established before submitting monthly Default data via the ADR.

Until the ADR setup is complete, Servicers must submit monthly Default data via the Manual Default Report (MDR) method as described below. First-time users must contact Customer Care to establish a Secure Sender login.

1. Navigate to the non-performing section on the [Servicer Resources](#) page on Radian's website and click on the Manual Default Report template to open it.
2. Add or update information for each new or existing default since your last report.
3. Email the completed MDR via Secure Sender to Radian at nodreport@radian.com.

4.3 Loan workout/modification reporting

In October 2011, Radian adopted a new industry standardized template for Servicers to report Loan workouts. Workout types include forbearance, trial modification forbearance, payment plan, Loan modification (post trial period), pre-foreclosure sale, and deed in lieu of foreclosure. The preferred reporting method for submitting loan activity to Radian is a complete MILAR full data set template, submitted via SFTP transmission. Otherwise, Servicers may complete a minimum data set template, but supplemental documentation may be required. Servicers can contact Customer Care to obtain additional guidance on the completion and submission requirements of the new template.

- [MILAR full data set](#)
- [MILAR minimum data set](#)

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5. Loss mitigation

A timely evaluation of foreclosure prevention alternatives must occur once the Servicer determines a Default occurs or is imminent. Government mandates such as the AG Settlement must be followed when applicable; otherwise, the Servicer must follow the established GSE workout hierarchy, which details the preferred order of consideration for the use of special relief measures and foreclosure prevention options. This includes obtaining relevant Borrower personal and financial information to determine if a retention or liquidation workout is appropriate. The Servicer must exhaust all retention workout options before pursuing a liquidation workout. The following structure represents Radian's preferred hierarchy for Loss mitigation, which aligns with the GSE hierarchy with the exception of a pre-claim advance and charge-off.

Radian delegates to GSE guidelines for Loss mitigation programs for GSE-owned Loans.

Retention workouts	1.	Reinstatements
	2.	Repayment plans
	3.	Forbearance plans
	4.	Loan modifications
	5.	Pre-claim advance
Liquidation workouts	1.	Short sale (pre-foreclosure sale)
	2.	Deed in lieu of foreclosure
	3.	Charge-off
	4.	Foreclosure sale

Pre-foreclosure Loss mitigation methods and strategies

It is the responsibility of the Servicer to:

- Perform a thorough review of the circumstances surrounding the Default and the results of prior servicing activities prior to commencing foreclosure proceeding.
- Offer or encourage delinquent Borrowers to seek free or low-cost consumer credit counseling services.
- Establish a business process to ensure that all cases are reviewed before referral to foreclosure and that all reasonable steps have been diligently pursued to avoid the need for referral.
- Comply with all federal, state and local laws (including statutes, regulations, ordinances, administrative rules and orders and judicial rulings and opinions that have the effect of law) that apply to any of its origination, selling, servicing or other business practices (including the use of technology) that may have a material effect on the results of servicing activities including any applicable law that addresses fair housing and equal credit laws.
- Comply with conflict of interest/confidentiality responsibilities.

To assist in these efforts, Radian extends to the Servicer specific delegated authority to facilitate the Servicer's execution of workout options which meet investor/Insured's guidelines while providing Borrower assistance to resolve a Default situation.

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5.1 Retention activities

The following activities, intended to reinstate and bring the Loan in Default current, are fully delegated to the Servicer unless otherwise noted.

A. Forbearance plans

In order to support a Borrower who is temporarily unable to remit all or a portion of the past due amounts during an eligible hardship period, the Servicer may offer a forbearance plan which allows for reduced or suspended mortgage payments for a designated period of time per GSE guidance.

B. Reinstatements

If the Borrower is able to resume making their regular monthly payments following a delinquency (or forbearance plan), and can repay the past due amounts all at once, the Loan can be reinstated.

C. Repayment plans

For Default situations where the Borrower is not able to fully reinstate the Loan to a current status, the Servicer may determine that the Borrower has the ability to pay portions of the past due amounts over time in addition to the contractual payment. A repayment plan may be an informal (verbal) agreement or a formal, written plan.

D. Payment deferral plans

Prior to expiration of a forbearance plan, the Servicer may offer a payment deferral plan. In a payment deferral plan, the Loan is returned to a current status and the dollar amount of the past due amounts (including principal and interest, escrow Advances, and fees) moves into a non-interest bearing balance that becomes due and payable in its entirety at maturity of the Loan or payoff, whichever occurs first. All other terms of the Loan remain unchanged.

For Loans with payment deferral plans, the Servicer should include both the interest-bearing unpaid principal balance and the non-interest bearing deferred balance in the current principal balance field when submitting monthly Premium remittance files, Default reports, and MILAR. The Servicer's report of the deferred balance should include any deferred principal, interest, escrow Advances (if applicable) and fees (if applicable).

Radian aligns with the GSE-announced payment deferral plans. Radian extends its payment deferral plan delegation to non-GSE Loans for COVID-19 payment deferral plans only when they meet GSE program eligibility and follow GSE guidelines.

The following table explains certain impacts of a payment deferral plan on MI Premium and coverage:

MI Premium Type	MI Premium Impact	MI Coverage Impact
Single Premium/ Constant Renewal	The MI Premium due will continue to be based on the original Loan amount.	Coverage will be limited to the original Loan amount.
Declining Renewal	If the UPB plus deferred balance is reported on the MI Premium remittance file, the MI Premium due will be recalculated and billed based on the UPB plus deferred balance, when the Certificate reaches its anniversary date, with the expectation that the MI Premium due is remitted as billed.	Coverage will be based upon the UPB, inclusive of the deferred balance, as reported on the MI Premium remittance file.

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E. GSE and non-GSE Loan modifications

Radian supports modification activities whenever the Servicer has obtained hardship and financial information sufficient to determine that the Borrower wants to retain ownership of the Property and cannot afford the existing mortgage terms.

Radian extends to the Servicer full delegated authority to complete a modification based on the conditions outlined in the delegated retention workout table that follows. Loan modifications that do not conform to a delegated program option require Radian's approval and must be submitted to our Customer Care team for consideration.

Please note HAMP expired September 30, 2017. Radian now supports the Fannie Mae and Freddie Mac Flex Modification programs.

Loan modification options	
Workout type	Program requirements
Modification	<p>Modification terms:</p> <ul style="list-style-type: none"> Modification must result in a payment the Borrower can afford. Modification does not release any portion of the collateral. <p>Coverage terms:</p> <ul style="list-style-type: none"> For GSE and non-GSE modification programs on Certificates with constant renewal and single premium plans, Radian limits coverage up to the original Loan amount. For constant renewal plans, premium is charged up to the original Loan amount. For GSE modification programs on Certificates with a declining renewal plan, Radian charges premium and extends coverage up to the modified Unpaid principal balance (UPB). For non-GSE modification programs on Certificates with a declining renewal plan, Radian charges premium and limits coverage up to the lesser of the modified UPB or original Loan amount.
Modification w/principal forgiveness	<p>Modification terms:</p> <ul style="list-style-type: none"> Same as above. <p>Coverage terms:</p> <ul style="list-style-type: none"> Coverage includes any part of principal that was forgiven as part of a workout, but premium is not charged on the earned principal forgiveness unless a Claim is submitted and settled. Coverage excludes accumulated interest on the forgiven principal after the modification date. If a Claim is submitted and settled, the Claim payment will be reduced by the amount of premium Radian would have received on the cumulative forgiven principal and will be reflected as a reduction on the Explanation of Benefits (EOB) and/or Supplemental Explanation of Benefits (Supplemental EOB).

1) Principal forgiveness

When part of the outstanding balance of the Loan is forgiven by the Servicer, Insured or Beneficiary, please keep in mind that:

- Radian does not cover principal forgiveness when it is court-ordered as part of settlement of litigation, bankruptcy or other government administrative action involving the Insured and/or Servicer.
- Please inform us of all workout plans involving principal forgiveness within 30 days of the date the Borrower will execute the modification agreement.

F. Pre-claim advance

To request an Advance on a Claim payment, contact Customer Care.

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5.2 Liquidation workout (short sale and deed in lieu of foreclosure)

It is Radian's general policy to not pursue the Deficiency after completion of a short sale or deed in lieu of foreclosure.

In considering a liquidation workout for its approval, Radian is being asked to waive the following rights under its Master Policy #RAF1040:

- The requirement that the Insured obtain title to the Property (primary & pool coverage) and sell the REO (pool coverage), short sale only;
- The right of subrogation with respect to deficiencies; and
- The right to acquire title to the Property.
- The requirement that the Insured must not release the Borrower(s) from the mortgage liability (applies to deed in lieu of foreclosure only)

Radian reserves all other rights and defenses under the applicable Policy of Insurance, including the right to rescind coverage, deny, or curtail any Claim.

A. Summary of liquidation workout types

The two main types of liquidation workouts, short sale and deed in lieu of foreclosure, may be further categorized by the characteristics of the Loan. The same categories apply to both types of workouts, as illustrated in the following table.

Short sale workouts for:	Deed in lieu workouts for:
<ul style="list-style-type: none"> • Delegated, non-GSE-owned Loans • Delegated, GSE-owned Loans • Non-delegated 	<ul style="list-style-type: none"> • Delegated, non-GSE-owned Loans • Delegated, GSE-owned Loans • Non-delegated

B. Short sale & deed in lieu: Guidelines for delegated non-GSE workouts

Radian may grant Servicers delegated authority to facilitate the resolution of certain Default situations. Terms and conditions vary by type of workout and depend on whether the Loan is GSE-owned.

To be granted delegated authority for liquidation workout submissions, the Servicer must meet the appropriate terms and conditions for the particular type of workout being requested. See the following table for details of our requirements.

Guidelines for DELEGATED NON-GSE workouts (primary coverage only)	
Short sale guidelines	Deed in lieu guidelines
Loan Status: <ul style="list-style-type: none"> • Loan is at least 60 days past due as of the date of the short sale written approval. • Completed short sale must be reported to the major credit repositories. 	Loan Status: <ul style="list-style-type: none"> • Loan is at least 60 days or more past due at the time deed in lieu of foreclosure document is executed by Borrower. • Loan originated as owner-occupied/primary residence. • Completed deed in lieu of foreclosure must be reported to the major credit repositories.
Borrower: <ul style="list-style-type: none"> • FICO of each Borrower on the Loan is 600 or lower. 	Borrower: <ul style="list-style-type: none"> • FICO of each Borrower on the Loan is 600 or lower.

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Guidelines for DELEGATED NON-GSE workouts (primary coverage only)	
Short sale guidelines	Deed in lieu guidelines
	Property: <ul style="list-style-type: none"> Property must be listed at Fair Market Value for at least 90 days unless primary Borrower is deceased or Borrower has obtained a Chapter 7 bankruptcy discharge of mortgage liability. Prior to conveyance, Property title must be free and clear of all liens and encumbrances.
Claim: <ul style="list-style-type: none"> Radian's estimated Claim payment does not exceed \$30,000. Restoration adjustment is waived if repair costs less than \$7,500. If estimated Loss from sale transaction does not exceed Radian's primary coverage Claim payment, the net-proceeds to Property-value ratio must be 82% or more. 	Claim: <ul style="list-style-type: none"> Radian's estimated Claim payment does not exceed \$30,000. Funds disbursed to a junior lien holder to facilitate clear title are not claimable unless approved in writing by Radian Loss Mitigation.
Documentation: <ul style="list-style-type: none"> Copy of complete credit report(s) displaying FICO and current/past due tradelines of all Borrower(s). Interior BPO/appraisal dated no more than 90 days before short sale written approval date. Copy of signed final Closing Disclosure (formerly known as HUD-1). Copy of Servicer's short sale approval letter. Copy of listing agreement. 	Documentation: <ul style="list-style-type: none"> Copy of complete credit report(s) displaying FICO and current/past due tradelines of all Borrower(s). Interior BPO/appraisal dated no more than 90 days before the Servicer's deed in lieu approval date. Executed deed (deed conveying title from Borrower to lender).

All transactions not eligible for delegated authority based on the conditions outlined above, require Radian written approval and must be submitted by the Servicer prior to the liquidation event occurring.

In order for a short sale or deed in lieu of foreclosure request to be considered, a Loan must be sixty (60) days or more past due unless one of the following exceptions apply:

Short sale & deed in lieu: Exceptions to 60-days past-due requirement	
This exception condition:	Requires this documentation:
<ul style="list-style-type: none"> The Borrower has been discharged from mortgage liability through Chapter 7 bankruptcy 	<ul style="list-style-type: none"> A recent credit report or a copy of bankruptcy document as proof of the Chapter 7 discharge
<ul style="list-style-type: none"> The Borrower is deceased 	<ul style="list-style-type: none"> A copy of the death certificate
<ul style="list-style-type: none"> The Borrower is subject to involuntary employment relocation 	<ul style="list-style-type: none"> Supporting documentation such as a signed, dated letter from prior and/or current employer verifying that a job change or layoff required relocation

C. Short sale & deed in lieu: delegated GSE workouts

Per agreements between Radian and the GSEs, Radian delegates full authority for short sale and deed in lieu transactions on GSE owned Loans. The Servicer must follow the applicable guidelines and procedures established and communicated by the GSEs. Radian reserves the right to curtail a GSE delegated short sale or a Claim resulting from a deed in lieu that does not adhere to the GSE guidelines. For more information, please visit Fannie Mae and Freddie Mac's websites.

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D. Loss mitigation short sale and deed in lieu of foreclosure information requirements

Time is of the essence when pursuing and evaluating Loss mitigation opportunities.

Please be aware that the following key information must be submitted to Radian to request that a Claim be accepted via short sale or deed in lieu of foreclosure. Submit, via secure email, to Radian at workoutrequest@radian.com the following information:

Minimum information requirements for short sale and deed in lieu requests		
Type of information	Required for short sale	Required for deed in lieu
• Loan number	Yes	Yes
• Radian Certificate number	Yes	Yes
• Borrower(s) last name(s)	Yes	Yes
• Next payment due date	Yes	Yes
• Unpaid principal balance (UPB)	Yes	Yes
• Total mortgage debt (UPB, past due interest, costs, Advances, etc.)	Yes	Yes
• Foreclosure sale date, if applicable, for redemption states	Yes	No
• Property value, value date and value type (Interior BPO, appraisal, etc.)	Yes	Yes
• Purchase amount (or recommended list price if HAFA)	Yes	No
• Estimated net proceeds	Yes	No
• Anticipated closing date, if known	Yes	No
• Reason for Default, if known	Yes	Yes
• Any information Servicer believes should be disclosed to facilitate a decision. (e.g., HAFA program or junior lien holder requiring payment to release its lien)	Yes	Yes
• Name and phone number of submitter	Yes	Yes
• Was the Property listed for sale? If it was, what was the asking/list price?	No	Yes

Radian may require additional information or documentation if needed to make a decision.

Radian reserves its rights and defenses under the applicable policy of insurance for Claims submitted as a result of a completed short sale. Certain HAFA-related expenses are not claimable (relocation assistance, for example).

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E. Short sale & deed in lieu: NON-DELEGATED workout requests

The information provided below indicates the factors that Radian considers important for the evaluation of these requests.

Factors in Radian's evaluation of requests for short sale and deed in lieu Workouts		
Document or information	Required for short sale	Required for deed in lieu
• Whether the Borrower has the ability to pay all or a portion of the amount owed	Yes	Yes
• The Borrower's original occupancy intent and current occupancy status	Yes	Yes
• The estimated proceeds from the short sale relative to the Property's Fair Market Value and seller costs	Yes	N/A
• Servicer has exhausted all retention workout options before pursuing a short sale	Yes	Yes
• The short sale is an arm's-length transaction	Yes	N/A
• The degree to which the Default appears strategic in nature	Yes	Yes
• Any other factor bearing on the propriety of the proposed workout	Yes	Yes
• Whether the Borrower attempted to sell before the deed in lieu was finalized.	N/A	Yes

F. Radian's workout request evaluation

1) Short sale

Radian's evaluation of the Servicer's request determines if a waiver of policy rights/ Claim requirements and acceptance of a Claim are appropriate.

In the event it is determined that acceptance of a Claim is not appropriate, Radian will either decline the request or communicate a proposed Claim payment adjustment (reduction) along with the reason for the proposed adjustment and any other terms and conditions. A proposed Claim payment adjustment will vary on a case-by-case basis relative to the facts surrounding the request. In the event Radian provides both primary and modified pool coverage, the proposed adjustment will be based on the total estimated loss to Radian under both coverages.

The Servicer may, in its sole discretion:

- Accept Radian's proposed approval terms, obtain a formal Radian conditional approval and proceed with the short sale transaction.
- Attempt to offset the proposed Claim payment adjustment via revised short sale approval terms. Any offset shall not change Radian's proposed adjustment amount. Examples of an offset would be an increased required net proceeds amount or Servicer required Borrower financial participation.
- Use its judgment to require reasonable Borrower financial participation for all or a portion of the entire estimated Loss (Deficiency). The amount and type (cash and/or promissory note) of Borrower financial participation is determined by the Servicer and shall not change Radian's proposed Claim payment adjustment.

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- Provide Radian with additional documentation that supports an elimination or reduction to the proposed Claim payment adjustment (examples include documentation that supports the Borrower's inability to pay all or a portion of the outstanding mortgage balance or an interior Property value that indicate the Property has not suffered damages).
- Decline Radian's conditional approval and continue to service the Loan in accordance with the requirements of Radian's *Legacy Default and Claims Servicing Guide*.

If none of the above exceptions applies and the Servicer believes it appropriate to move forward with the short sale, Radian may consider a reasonable, good faith settlement and accept a Claim. Any settlement must be agreed upon in writing by Radian and the Servicer. Please contact Radian at workoutrequest@radian.com to discuss a workout of this nature.

2) Deed in lieu

Radian must determine if the Servicer's request that Radian waive certain policy rights and Claim requirements by accepting a deed in lieu of foreclosure is appropriate.

If it is determined by Radian that the request is inappropriate, Radian will either decline the request or, if appropriate, communicate a proposed Claim payment adjustment (reduction) along with any other terms and conditions. The proposed Claim payment adjustment will vary on a case-by-case basis relative to the facts surrounding the request. In the event Radian provides both primary and pool coverage, the adjustment will be based on the total estimated loss to Radian under both coverages.

The Servicer may:

- Accept Radian's conditional approval and proceed with the deed in lieu of foreclosure.
- Attempt to offset the proposed Claim payment adjustment via revised approval terms (any offset shall not change Radian's proposed adjustment).
- Use its judgment to require reasonable Borrower financial participation for all or a portion of the entire estimated Loss (Deficiency). The amount and type (cash and/or promissory note) of Borrower financial participation is determined by the Servicer and shall not change Radian's proposed Claim payment adjustment.
- Provide Radian with additional documentation that supports an elimination or reduction to the proposed Claim payment adjustment; (for example documentation that supports the Borrower's financial hardship and inability to pay all or a portion of what is owed).
- Decline our proposal and continue to service the Loan in accordance with the requirements of Radian's *Legacy Default and Claims Servicing Guide*.

If none of the above exceptions applies and the Servicer believes it appropriate to move forward with the deed in lieu of foreclosure, Radian may consider a reasonable good faith settlement and accept a Claim. Any settlement must be agreed upon in writing by Radian and the Servicer. Please contact your assigned Radian Loss Mitigation Specialist or Customer Care and ask for the Loss Mitigation team if you wish to discuss a workout of this nature.

G. Charge-offs

A "charge-off" is not a claimable event. The Insured must obtain clear title to the Property to have a valid Claim.

Please contact your assigned Radian Loss Mitigation Specialist or Customer Care and ask for the Loss Mitigation team if you wish to discuss a charge-off situation.

H. Foreclosure sale

Radian expects that foreclosure proceedings be initiated in accordance with the requirements of the Master Policy in the event Loan retention or other liquidation workout options are not appropriate.

[Link to Foreclosure proceedings](#)

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6. Claim eligibility

The eligibility of a Claim is determined by:

1. The terms and limiting conditions of Radian's Master Policy and/or the special risk pool policy governing the specific Certificate of coverage.
2. Compliance with underwriting guidelines and eligibility criteria
3. Servicing performance

6.1 The terms and limiting conditions of Radian's Master Policy

A. Limitations of coverage

Prior to any of the following actions being taken, it is necessary to contact Radian to obtain prior consent in order to ensure continued coverage of the Loan. Failure to obtain Radian's prior consent may result in termination of coverage pursuant to the terms of Radian's Master Policy.

- Any material change or modification of the terms of the Loan including, but not limited to, the UPB interest rate, term or amortization schedule (except modifications specifically provided for in the Loan documents, and permitted without further approval or consent of the Insured).
- Any release of a Borrower from liability for the Loan, including any Loan principal forgiveness (certain specific modification principal forgiveness may be completed using delegated authority).

[Link to Loan modifications options table](#)

- Any assumption of liability for the Loan with release of the original Borrower from liability.
- Any release of the collateral or any partial release of the collateral.
- Any change in the character or use of the Property (for example, the conversion of a single-family home into a commercial Property).
- Any transfer or sale of the servicing of the Loan to a company not approved* by Radian.

*Approval requires the Servicer to have an active Master Policy with Radian.

B. Exclusions from coverage

Radian's coverage is limited to the normal risk of a Default caused by a change in the Borrower's economic circumstances. Insurance coverage under the Master Policy does not extend to certain risks. The occurrence of any of the following may result in denial of coverage or curtailment of Claim payment. For reference, please visit Radian's [Legacy Master Policy](#).

- Any Loss resulting from the lender exercising its right to accelerate the Loan based on a balloon payment clause in the Loan document. However, if the Borrower refuses to accept an extension or renewal of the mortgage terms at market rates from the lender, this condition will not apply.
- Any Loss on a Loan which was delinquent prior to Radian issuing insurance coverage on that Loan.
- Any Loss as the result of incomplete construction of the insured Property.
- Any Loss resulting from fraud or misrepresentation of a material fact upon which Radian based its decision, in whole or in part, to insure the Loan.

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- Any Loss or material increase in risk of Loss resulting from negligence in the origination of the Loan or servicing of the Loan prior to or after Default.
- Any cost or expense to repair any Physical Damage to the Property, including but not limited to Physical Damage arising from:
 - Contamination by toxic waste or hazardous waste or materials.
 - Earthquake, flood, or other act of God.
 - Civil war or riot.
 - Any defects in construction not identified in the Application for Insurance.

C. Inability to evaluate a Claim

Radian must be in receipt of all requested documentation which it considers, in its sole discretion, to be reasonably necessary to evaluate liability with respect to the Claim.

Failure to submit a Perfected Claim within the time period specified by the pertinent policy shall relieve Radian of any obligation or liability with respect to the underlying Certificate of Insurance (Certificate or Certificates).

[Link to Perfecting a Claim](#)

6.2 Loan compliance to underwriting guidelines and eligibility

A. Delegated and non-delegated underwriting

Radian relies on the lender's representation and warranty that the Loan closed in compliance with the terms and conditions under which the Loan was underwritten and approved. Adherence to this requirement is reviewed by Radian when an MI Claim is submitted.

B. Delegated MI

Radian relies on the lender's representation and warranty that the Loan file and application for MI have been presented accurately and underwritten in accordance with the agreed upon insurance guidelines and standards. Adherence to the guidelines and standards and the lender's representations and warranties is reviewed by Radian when a Claim is submitted.

6.3 Other Claim restrictions

During our review of a Claim, Radian will investigate other factors including:

- Insufficient servicing
- Liquidation policies

Failure to comply may result in the denial or curtailment of Claims.

7. Initiation of a Claim

Timely, accurate Claim filing will expedite the Claim settlement process.

On primary insurance Claims, coverage will terminate if a Claim is not filed within one (1) year from Insured's removing the Borrower(s) from title.

Pool policy coverage will terminate if a Claim is not filed within the time specified in the policy. The Servicer should reference Claim filing guidelines for specifics.

7.1 Claims filing

Radian's Master Policy provides timelines for Claims to be filed. A Notice of Default must be submitted prior to the initial Claim filing. Submission of documentation at the time of Claim filing may reduce Claim processing time. Once the Claim filing has been received, Radian will request, within twenty (20) days, the documents necessary to perfect the Claim directly from the Servicer.

A. When to file

1) Primary insurance

Primary insurance Claims should be filed no later than sixty (60) days after conveyance of Borrower title, either through foreclosure proceedings, or by way of short sale or deed in lieu of foreclosure. Please note that the failure to file a Perfected Claim within one (1) year of transfer of Borrower title, shall release Radian of any liability under the Certificate.

The Claim filing perfection window begins at the onset of one of the following conditions:

- Borrower signing of the deed for a voluntary conveyance
- Completion of a foreclosure sale
- Settlement of a third party foreclosure sale
- Settlement of a short sale
- Redemption states
 - Redemption expiration date if the Claim is filed after the expiration of the redemption period.
 - Foreclosure sale held date if the Claim is filed prior to the expiration of the redemption period.

2) Pool insurance

Prior to submission of a pool insurance Claim, Radian must approve the REO marketing plan, including listing price, adjustments, etc. Any modification to the marketing plan must be approved by Radian. Submissions for pool-insured Loans can be emailed to reoapprovals@radian.com. The final sale must be approved along with verification of consistency with the prior Radian approved REO marketing plan.

[Link to REO Pool Marketing Request Template](#)

As a guideline, a Claim is to be filed with Radian no later than sixty (60) days after closing on the sale of the REO Property. A copy of the settlement statement from the sale of the REO Property must be included with the Claim. Please refer to "Special Risk" policy covering the Certificate for the specific Claim filing deadline.

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3) Extensions

An extension of the sixty (60) day Claim filing period may be requested. Submit the request in writing to Radian's Claims Department, before the sixty (60) day period expires, at claims.department@radian.com.

B. Claims filing format

1) Radian's MI Online

Claims can be filed electronically through MI Online, Radian's secure self-service web-based portal. If you have not established an account with Radian's MI Online, visit our web site at <https://radian.com> for registration instructions.

Filing a Claim through MI Online allows Servicers to:

- Receive confirmation of a Claim filing.
- Review Claim status and a sub-status of a Claim submission.
- View and download an EOB and/or Supplemental EOB.
- Review and print revised Claim and original Claim.
- Submit and review status of documents submitted.
- Save partially submitted Claims for completion at a later time.

2) Additional options

- Industry standard 260/EDI transaction.
- Email notification of a Claim filing via secure email to nodreport@radian.com.

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8. Perfecting a Claim

Radian recommends that the Servicer submit all documents needed to evaluate the Claim prior to the Claim review process. Radian requests that all documentation submissions are indexed and sent from the Servicer via Radian's preferred delivery methods of MI Online or SFTP. In the event that these two preferred delivery methods are not used, Radian may take up to five (5) business days to review, classify and upload the unindexed documents. Radian will review the information and request any additional documentation needed to perfect the Claim directly from the Servicer. Radian provides two opportunities for sending documents to perfect a Claim.

A. Early Ask (pre-claim)

Voluntary and recommended, Early Ask provides Servicers the advantage of Radian ordering and reviewing the origination documents at the time the foreclosure sale is scheduled. As this is prior to the Claim filing, the time frame to perfect a Claim will likely be reduced thus expediting the overall Claim review process. If the request for origination documents is not satisfied during the Early Ask phase, Radian will make additional requests once the Claim is filed.

To enroll in the Early Ask program, the Servicer should contact their Client Advocate or Risk Manager.

B. Claim submission

If the Servicer does not participate in Radian's Early Ask program, or documents have not yet been received, in order to perfect a Claim, Radian will order or follow up on missing documentation. The three components of a Perfected Claim are:

- The origination and closing documents used in the original lending decision;
- Servicing documents verifying the Loan was serviced appropriately; and
- The Claim-specific documents and explanations to verify the claimable event.

8.1 Document requests associated with perfecting a Claim

A critical document is one that Radian deems necessary to perfect the Claim. An individual Claim will be denied if any critical document is not provided. A required document is one that is recommended by Radian to assist in processing the Claim. Claim calculations may be impacted if required documents are not provided.

Stage 1: General document request

- Upon submission of a Claim, Radian provides five days after receipt for the Servicer to provide appropriate documentation.
- If documentation is not submitted within that timeframe, Radian will initiate the Claim perfection process by issuing a general document request, which outlines those documents typically required to perfect a Claim.
- Upon receipt of the general document request, the Servicer will have a total of 60 days to submit the requested documentation, including a detailed Loan approval with conditions.
 - At 20 days, Radian will issue a follow up request to the general document request if the Servicer has not submitted the requested documentation.
 - At 40 days, Radian will issue an Intent to Deny letter to the Servicer if the request remains outstanding or incomplete.
- A general document request will not be sent if enough documentation (e.g. a detailed Loan approval with conditions) was submitted during the initial Claim submission. Such documentation will be used to enable us to build a Claim specific comprehensive document request.

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Stage 2: Comprehensive document request

- The comprehensive document request is a customized list of the specific documents necessary to perfect an individual Claim. The request is based upon an evaluation of the Loan approval details, documentation, and information provided during Early Ask, with the initial Claim submission, or in response to a general document request.
- Radian prefers to receive all documents obtained and used during the Loan approval, closing, and servicing of a Loan, but will provide a detailed list of the critical and/or required documents during the Claim assessment and fulfillment process.
- Upon issuance of the comprehensive document request, the Servicer will have 75 days to deliver the requested documentation in its entirety to Radian.
 - At 25 days, Radian will issue a follow up request to the comprehensive document request if the request remains incomplete. Partial submissions are not sufficient to satisfy the timeline.
 - If the follow-up does not result in the submission of proper documents, Radian will issue the Intent to Deny letter to the Servicer.
- Radian will only ask for additional documentation when:
 - The Servicer submits invalid documents.
 - An event change has occurred such as a pre-settlement sale or REO.

Stage 3: Final comprehensive document request

- Upon receipt and review of all documentation resulting from the comprehensive document request, Radian may issue a final comprehensive document request. At this stage the Document Fulfillment Specialist will work with the Servicer to obtain any outstanding documents necessary to perfect a Claim.
- A final comprehensive document request (also known as the Intent to Deny) is only issued if:
 - Documents submitted by the Servicer, as a result of the comprehensive document request are invalid; or
 - Radian has been notified or is aware of an event change.
- Servicers will have 30 days to deliver the requested documents to Radian. Failure to submit critical documents within allowable time frames will result in a denial of a Claim.

[Link to Dispute resolution — Denial appeals](#)

A. Documents associated with Claim perfection

This table provides a list of documents that may be requested as part of a Claim review. As each Claim is unique, Radian will provide a customized list of those documents that are deemed critical and/or required.

Categories/Documents	
Originations & Closing Documents	
Application (1003)	Signed initial application (1003)
	Signed final application (1003)
Underwriting	AUS findings (and required supporting documentation)
	Final 1008
	Lender Loan approval or underwriting worksheet with conditions (and required supporting documentation)

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Categories/Documents	
Originations & Closing Documents (cont'd)	
Assets	401K statements
	Asset validation services may replace any of the above noted documents as permitted on a valid AUS findings report
	Bank statements
	Brokerage statements
	Gift funds source (gift donor's bank statement or copy of cancelled check)
	Gift letter
	Retirement statements
	Verification of deposit
Income	1099s
	Business license (self-employed Borrowers)
	Executed 4506-T
	Full verification of employment (VOE)
	Income calculation
	Income and Employment validation services may replace any of the above noted documents as permitted on a valid AUS findings report
	Other income docs (i.e. retirement, workmen's compensation, alimony, child support, lease agreements)
	Paystubs
	Self-employed income analysis worksheet
	Tax returns with all schedules (personal and/or business)
	Verbal verification of employment (VVOE)
	W2s
	W9s
Credit	Alternative credit references
	Original credit report including supplements
	Proof of residency (if not a U.S. citizen)
	Verification of mortgage or rent with cancelled checks (if applicable)
Underwriting	All letters of explanation
	Bankruptcy papers
	Credit letter of explanation
	Divorce degree and/or separation agreement
	Lease agreements (for primary and second subject occupancy)
	Lease with option to purchase agreement
	Listing agreement and/or Closing Disclosure (formerly known as HUD-1) from sale of home
Value	Appraisal Update and/or Certificate of Completion (1004D/442)
	Complete appraisal (including pictures, maps, and addendums) or Valid AUS findings report with Property Inspection Waiver
Purchase	Fully executed sales contract and addendums
Refinance	Payoff statements
	Verification of previous mortgage

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Categories/Documents	
Originations & Closing Documents (cont'd)	
Closing	Borrowers certification and authorization (if applicable)
	Deed
	Final Closing Disclosure (formerly known as HUD-1) and all addendums
	Homeowners insurance policy
	Mortgage/Deed of Trust
	Note
	Title commitment/final title policy
Miscellaneous	Fraud detection reports
	Secondary financing/subordination documents

Categories/Documents	
Servicing Documents	
Servicing Records	All notes related to the servicing of the Loan, from the Borrower's last timely payment through Property liquidation. (Notes may concern customer service, collections, Loss mitigation, bankruptcy, etc.)
	Any documentation related to attempted or completed workouts (i.e. modification, short sale, deed in lieu of foreclosure, or foreclosure).
	Loan payment history, from inception through Claim submission, including all receivables and disbursements.
Servicing Documents	BPO or Appraisal(s) used during the Default life cycle
	Current hazard insurance (listing valid coverage periods for expenses claimed)
	Current Property tax information (listing valid coverage periods for expenses claimed)
	Condominium and Homeowners Association coverage dates
Expenses	Attorney expense breakdown
	Explanation of credits applied to Claim for Loss
	Invoices (i.e. Property preservation)
	Itemized utility breakdowns
	Restoration documents (i.e. repair bids)
Loss Mitigation	Arms Length Transaction Affidavit (FNMA form 191 / FHLMC form 97)
	Bidding instructions
	Borrower asset documentation for evaluating short sale or deed in lieu of foreclosure
	Borrower financial analysis for approval of short sale or deed in lieu of foreclosure
	Borrower hardship eligibility documentation for evaluating short sale or deed in lieu of foreclosure
	Borrower income documentation for evaluating short sale or deed in lieu of foreclosure
	Credit report used to evaluate before approval of short sale or deed in lieu of foreclosure
	EOB and Supplemental EOB, as applicable
	Final short sale purchase or deed in lieu agreement and resulting approval letter, as applicable

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Categories/Documents	
Servicing Documents (cont'd)	
Loss Mitigation	Foreclosure timeline, if applicable
	Foreclosure, Trustee, Short Sale, Warranty, or Quitclaim Deed (or acceptable alternative)
	Marketing package
	Proof of funds (i.e. wire confirmation or sales proceeds check)
	Short sale, deed in lieu of foreclosure, REO, or post-foreclosure sale signed final Closing Disclosure (formerly known as HUD-1), as applicable

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9. Claims investigation

9.1 Types of investigations

As part of the review of Claim eligibility, Radian may perform an audit.

There are three types of investigations performed upon Claim filing:

1. Origination Review (SIU)
2. SPR (Servicing Performance Review)
3. Delegated Short Sale Program Review (if applicable)

As outlined in Condition Thirteen of the Master Policy, Radian may take up to one hundred twenty (120) days after Settlement Due Date to conduct a Claims investigation.

A. Origination

Radian's review and investigation of the Loan origination includes the following elements:

- Reconfirmation of the Borrower's information including phone number and address provided on the 1003.
- Verification of the Borrower's income, assets, employment, occupancy and history of housing payments.
- For stated income or reduced document Loans; determination of the stated income's reasonableness with respect to the Borrower's employment and job title.
- Review of the collateral including a review of the original appraisal, a retroactive AVM, BPO, field review and/or drive-by appraisal.
- Review of any associated credit reports to determine the Borrower's debts and obligations at the time of Loan origination/closing.
- Questioning of any discrepancies and/or "red flags" noted within the file documentation which should have been addressed by the lender during the original underwriting process.
- Review of underwriting decision to determine that Loan adheres to published guidelines from the time the Loan was originated.
- Review of closing documentation to determine the Loan was closed as represented.

Radian may conduct an interview of the Borrower, contact the Borrower's employer to confirm employment or income, review bankruptcy filings or other court documents available to the public, and review any additional public information such as on websites, which may provide information that is material to Radian's investigation.

During the investigative review Radian will not:

- Incent or otherwise encourage investigators to determine that a Loan was ineligible for coverage.
- Incent or otherwise encourage investigators to pressure the Borrower to discuss the Loan if they are unwilling to do so.
- Utilize an expired IRS Form 4506-T to confirm income.

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B. Servicer Performance Review (SPR)

Radian requires Servicers to adhere to the highest performance standards when servicing Radian-insured Loans. The Servicing Performance Review evaluates the servicing history provided to Radian by the Insured at the outset of the Claim process for adherence to the highest performance standard ensuring that the Loan was serviced in a timely and prudent manner. Radian's Servicing Performance Review validates and verifies that the following items were conducted in a timely and prudent manner:

- Compliance with the Quality Right Party Contact (QRPC) standards.
- Servicer attempts to bring the Loan current through collection efforts.
- Breach letter was conveyed to the Borrower.
- Property inspection was ordered.
- Efforts were made to mitigate Loss through acceptable alternatives to foreclosure.
- Servicer responses to Borrower modification requests made through a submitted modification package.
- Foreclosure referral requested including the proper resumption of foreclosure activities when modification efforts are unsuccessful.

Generally, if a required servicing activity is not documented it is deemed not to have occurred and may result in a SPR curtailment or denial of Claim.

[Link to Servicing Performance Review \(SPR\) curtailment](#)

C. Short Sale Review (SSR)

The purpose of Radian's Short Sale Review is to review the conditions of Claims resulting from a Short Sale or Deed in Lieu (DIL). Radian reviews all Short Sale/DIL transactions to ensure compliance with delegated agreements or Radian's approval conditions for non-delegated transactions. Radian reserves the right to deny or curtail a Claim resulting from a Short Sale/DIL transaction that does not comply with delegated guidelines, does not have Radian approval (non-delegated), or does not meet the approval conditions set by Radian (non-delegated).

9.2 Results of investigation

As a result of the investigation one of the following actions are taken:

- The Claim proceeds to be processed for payment (may include a curtailment).
- A rescission is issued.

If the investigation reveals inaccuracies in the Application for Insurance, underwriter negligence, or other deficiencies in the underwriting process, Radian may conclude that rescission of coverage is warranted. An Intent to Rescind letter (ITR) is sent to the lender providing a description of the facts supporting the decision.

The ITR will specify a period of time for an appeal prior to the rescission being finalized. If Radian does not hear back in time a final Rescission letter will be issued along with a refund of premiums via check.

[Link to Dispute resolution — Rescission appeals](#)

- Denial of Coverage due to policy violation.

[Link to Dispute resolution — Policy violation denials](#)

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A. Factors in rescissions

Radian does not shift the burden to the lender to prove absence of fraud. Missing documentation, on its own, generally will not warrant rescission if the information is not deemed material, and does not prevent Radian from assessing the overall risk that was insured.

B. Legacy factors guidelines for Loans originated before 2009

Below are the evaluation guidelines for legacy Loans originated prior to 2009. This list is not comprehensive and is for illustrative purposes. Many of these factors will not, on their own, warrant rescission action. However, if multiple factors warranting rescission are also present, Radian will take this “layering” of additional factors into account. If a lender rebuts Radian’s decision with information within the variance threshold but outside the underwriting or eligibility guidelines for the Loan, the rescission decision will not be overturned if:

- a. There is an inflated discrepancy in the appraised value by $\geq 20\%$ of the amount stated in the Application for Insurance.
- b. The recalculated debt-to-income ratio is $\geq 5\%$ above allowable guidelines or AUS findings.
- c. Undisclosed debt is $\geq 5\%$ above allowable guidelines.
- d. The amount of assets verified is short $\geq \$500$ for funds to close and/or $\geq \$1,000$ for reserve funds.
- e. Material misrepresentation of verification of deposit(s) is discovered. Visibly altered asset documentation such as a bank statement will be considered negligence by the underwriter.
- f. Radian determines that an owner occupied Loan was never occupied by the Borrower.

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10. Claim settlement

Radian has several options in calculating its liability; they include:

A. Percentage option

Radian may settle its Claim, subject to the calculation of Claim liability outlined below, at the coverage percentage displayed on the Certificate.

B. Property acquisition – access to the Property

Radian may choose to acquire the subject Property, rather than pay the percentage of coverage option. In this case, Radian will require access to the Property to properly assess the collateral.

C. Pre-settlement/Approved Sale – primary insurance

Prior to settlement of the primary insurance Claim, any offer for sale of the insured Property must be submitted to Radian's REO Administration department. If the remaining Loss after liquidation of the REO asset is less than the calculated Claim payment under Radian's percentage option, Radian will pay the remaining Loss. Offer submissions can be emailed to: reoprietaryapprovals@radian.com.

10.1 Suspension of Claim settlement

Radian will pay a primary coverage Claim within sixty (60) days of Claim perfection. If additional requirements exist, the Claim payment period will be suspended until the requirement is cured. Reasons for suspension include:

A. Additional documentation

Should Radian require additional information or documentation upon Claim filing, or the disposition of the subject Property is effected by an Approved Sale, Radian will suspend the Claim settlement period until such information is received subject to any conditions set forth in Radian's Master Policy.

B. Access to the Property

If requested, Radian representatives must be allowed access to the Property to determine the Property condition and value. If Radian seeks access to the Property, the sixty (60) day period will be suspended until access is made available.

C. SIU and Default servicing investigations

If the Claim is chosen for a quality assurance compliance audit relating to Loan origination and/or Default servicing, the timeline for payment of the Claim shall be extended up to an additional one hundred and twenty (120) days from the date of perfection. However, Radian makes every effort to render a Claim decision within ninety (90) days of Claim perfection.

D. Late payment

If Radian does not pay the Claim within sixty (60) days of Claim perfection, subject to the above conditions, simple interest will be paid at the mortgage note rate accruing from the Settlement Due Date. Simple interest is limited to those Claims covered under the Master Policy and those select pool policies that refer to the payment of simple interest.

10.2 Timing of Claim settlement under structured pool policies

The Insured should refer to the applicable policy for terms on Claim settlement under structured pool policies. Questions on status and terms may be directed to customer care@radian.com.

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10.3 Calculation of Claim liability

Radian's Claim liability will be calculated by determining the sum of the unpaid principal balance; any unpaid accumulated interest due under the Loan; the amount of any acceptable Advances made by the Insured less the sum of any unacceptable Advances and/or the net proceeds of an Approved Sale; not to include any late charges and penalties. See Master Policy #RAF1040 Condition 1 (A) and Condition 11 (B).

Fannie Mae MI Factor Program. Effective October 1, 2018, Radian is participating in Fannie Mae's MI Factor Program. Under this program, the Servicer will continue to submit Claims in accordance with the applicable Master Policy and Servicing Guide. If Radian approves a Fannie Mae insured Claim for settlement, the MI Factor will be applied to determine the expense portion of the Claim, which includes any Advances payable under the Master Policy. The MI Factor Program is limited to Claims filed on or after October 1, 2018 and to Certificates issued under the Master Policy for which Fannie Mae is the Beneficiary. Claim calculations under the MI Factor Program may differ from the process outlined below for individual Claims but are intended to reach the same result in the aggregate for all Claims processed using the MI Factors.

Step 1. Determination of calculated Loss

- Add the following values, as applicable for a given Claim, to determine the calculated Loss:
 - Unpaid principal;
 - Unpaid interest; and
 - Acceptable advances/expenses as [Allowable Claim expenses tables](#) below.

Step 2. Determination of adjusted Claim for Loss

- Subtract the following values, as applicable for a given Claim, to determine the adjusted Claim for Loss:
 - Premium due on principal forgiveness
 - State taxes on premium
 - Net Proceeds of an Approved Sale
 - Other credits (e.g., escrow balances)
- The following values, as applicable for a given Claim, are not permitted:
 - Unacceptable Advances, including but not limited to Attorney fees that exceed the allowable Advance amount as defined in Master Policy #RAF1040, Condition 1 (Advances); property damage expenses; Borrower incentive fees; late charges; technology fees, including connectivity, invoicing, and processing fees; MI premiums; trip charges; penalties and interest owed on past due taxes, condominium fees, or municipal charges;
 - Non-approved changes to the terms on an Approved Sale resulting in an unreasonable reduction in net proceeds

Radian may curtail or adjust Claim line item amounts including, but not limited to delays for speed to foreclosure, filing of the Notice of Default, marketing delays and performance on Default servicing.

Step 3. Determination of Claim amount

Radian will determine the Claim amount by multiplying the appropriate percentage of coverage value, which can be found on the Certificate or in MI Online, against the adjusted Claim for Loss. The Claim liability value equals the Claim amount, which is referred to as the payment of Loss in Master Policy #RAF1040.

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A. Allowable Claim expenses

Note: For pool policies, please refer to the applicable policy for specific terms on Claim settlements.

Interest			
Accrued and paid within the start and end dates below, but not to exceed two (2) years from the Default date:			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	Last paid installment	Short sale settlement date as shown on final Closing Disclosure (formerly known as HUD-1)
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		Earlier of the date the Claim was filed or 60 days from the DIL execution date
	Approved Sale		REO settlement date as shown on final Closing Disclosure
Foreclosure sale	Percentage Option		Earlier of the date the Claim was filed or 60 days from the foreclosure sale date
	Approved Sale		REO settlement date as shown on final Closing Disclosure
	Third party sale		Date of third party check/wire or foreclosure sale date if a check/wire is not present
	Redemption/ Ratification/ Confirmation (RRC)		Earlier of date Claim was filed or 60 days from RRC expiration date

Attorney fees			
Incurred as part of the Appropriate Proceedings, that are reasonable and necessary, and not in excess of three percent (3%) of the delinquent principal and interest, within the start and end dates below:			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	The earlier of the final reported due date or the Default date	All fees paid after Default
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		
	Approved Sale		
Foreclosure sale	Percentage Option		
	Approved Sale		
	Third party sale		
	Redemption/ Ratification/ Confirmation (RRC)		

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Real estate taxes imposed upon the Property			
Accrued and paid within the start and end dates below:			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	All taxes accrued and paid*	Short sale settlement date as shown on final Closing Disclosure
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		Pro-rated 60 days from DIL execution date
	Approved Sale		REO settlement date as shown on final Closing Disclosure
Foreclosure sale	Percentage Option		Prorated 60 days from foreclosure sale date
	Approved Sale		REO settlement date as shown on final Closing Disclosure
	Third party sale		Date of third party check/wire or foreclosure sale date if a check/wire is not present
	Redemption/ Ratification/ Confirmation (RRC)		If Claim filing date is within 60 days of foreclosure sale date, regardless of the RRC expiration, the end date is prorated to 60 days from foreclosure sale date. If Claim filing date is greater than 60 days of foreclosure sale date, the end date is prorated to the earlier of 60 days from RRC expiration or Claim filing date.

* Radian may request additional information on taxes paid prior to Default.

Hazard insurance, homeowners association, and/or condominium fees			
Reasonable and customary hazard insurance paid after Default, with insurance coverage periods; and/or homeowners association fees ; or condominium fees paid after Default to the extent necessary to preserve the lien priority of the mortgage, with fee coverage periods within the start and end dates below:			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	Earlier of final reported due date or Default date	Short sale settlement date as shown on final Closing Disclosure
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		Pro-rated 60 days from DIL execution date
	Approved Sale		REO settlement date as shown on final Closing Disclosure
Foreclosure sale	Percentage Option		Prorated 60 days from foreclosure sale date
	Approved Sale		REO settlement date as shown on final Closing Disclosure
	Third party sale		Date of third party check/wire or foreclosure sale date if a check/wire is not present
	Redemption/ Ratification/ Confirmation (RRC)		If Claim filing date is within 60 days of foreclosure sale date, regardless of the RRC expiration, the end date is prorated to 60 days from foreclosure sale date. If Claim filing date is greater than 60 days of foreclosure sale date, the end date is prorated to the earlier of 60 days from RRC expiration or Claim filing date.

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Property preservation			
Necessary and customary expenses paid after Default, within the start and end dates below:			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	Earlier of final reported due date or Default date	60 days from short sale settlement date as shown on final Closing Disclosure
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		60 days from DIL execution date
	Approved Sale		60 days from REO settlement date as shown on final Closing Disclosure
Foreclosure sale	Percentage Option		60 days from foreclosure sale date
	Approved Sale		60 days from REO settlement date as shown on final Closing Disclosure
	Third party sale		60 days from date of third party check/wire or foreclosure sale date if a check/wire is not present
	Redemption/ Ratification/ Confirmation (RRC)		If Claim filing date is within 60 days of foreclosure sale date, regardless of the RRC expiration, the end date is prorated to 60 days from foreclosure sale date. If Claim filing date is greater than 60 days of foreclosure sale date, the end date is prorated to the earlier of 60 days from RRC expiration or Claim filing date.

Statutory costs (customary court costs)			
Customary, reasonable, and necessary attorney/court costs, including eviction expenses paid after Default, within the start and end dates below (cash for keys is limited to \$3,000):			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	Earlier of final reported due date or Default date	All costs paid after Default
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		
	Approved Sale		
Foreclosure sale	Percentage Option		
	Approved Sale		
	Third party sale		
	Redemption/ Ratification/ Confirmation (RRC)		

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Other Disbursements			
Customary, reasonable, and necessary disbursements paid after Default, within the start and end dates below:			
Claimable event	Payment type	Start date	End date
Short sale	Percentage Option	Earlier of final reported due date or Default date	60 days from short sale settlement date as shown on final Closing Disclosure
	Approved Sale		
Deed in lieu (DIL)	Percentage Option		60 days from DIL execution date
	Approved Sale		60 days from REO settlement date as shown on final Closing Disclosure
Foreclosure sale	Percentage Option		60 days from foreclosure sale date
	Approved Sale		60 days from REO settlement date as shown on final Closing Disclosure
	Third party sale		60 days from date of third party check/wire or foreclosure sale date if a check/wire is not present
	Redemption/ Ratification/ Confirmation (RRC)		If Claim filing date is within 60 days of foreclosure sale date, regardless of the RRC expiration, the end date is prorated to 60 days from foreclosure sale date. If Claim filing date is greater than 60 days of foreclosure sale date, the end date is prorated to the earlier of 60 days from RRC expiration or Claim filing date.

B. Payment of Claim

Radian will issue payments for Claims via check or electronic wire of funds. Payments are made on a predetermined monthly schedule and typically occur weekly.

Upon payment, an EOB or Supplemental EOB is made available on MI Online.

The EOB or Supplemental EOB provides a categorized itemization of a Claim payment. If the Claim was filed via EDI 260 or via Radian's MI Online application, the applicable EOB will be in a side-by-side (Submitted vs. Authorized) format detailing the amounts requested in the Insured's Claim, compared to the amount for each Loss authorized by Radian. Any Claim curtailments will be itemized on the applicable EOB.

If the policy includes a deferred premium, or if any premium is owed to Radian, including premium on principal forgiveness or premium sent to Servicers on over turned rescissions, the final Claim payment will be net of the outstanding deferred premium amount.

C. Return of paid Claim funds

If for any reason a Property is reverted back to the homeowner after a Claim has been paid (invalid foreclosure, post-foreclosure Loss mitigation), the Servicer/Insured is obligated to return the Claim funds to Radian in order for the coverage reinstatement process to begin.

D. Servicing Performance Review (SPR) curtailment

Radian requires Servicers to adhere to the highest performance standards when servicing Radian-insured Loans.

[Link to Highest standard of servicing performance](#)

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When a Servicer fails to service a Loan in a manner consistent with the highest standard of servicing, Radian may adjust the Claim to reflect the harm suffered in the form of the increased risk or actual Loss. Identified deviations from servicing best practices are examined in order to determine whether they resulted in harm to Radian in the form of an increased risk of loss or missed opportunity to mitigate loss. If it is determined that an identified Deficiency did not result in harm, it does not result in a curtailment.

Only in those instances where Radian can reasonably calculate the amount by which the deficiency in servicing increased the Loss as calculated under the policy is it required to adjust Losses. In all other cases Radian has the contractual right to deny coverage for the entire Loss. Rather than deny Claims for which deficient servicing has been identified, but for which the resultant Loss can't be calculated with arithmetic certainty, Radian makes every effort to accurately estimate the harm it has suffered in the form of increased liability exposure or loss of opportunity to mitigate or abrogate loss. In some instances, however, deficiencies may be so egregious as to require denial of the entire Claim. The deficiencies will be noted on the EOB or Supplemental EOB.

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11. Dispute resolution

Radian's Dispute Resolution Unit provides Servicers support for any Claim decision regarding document or policy denials, rescissions, and Claim payments with adjustments or servicing curtailments. This unit works independent of the initial Claim process to assure our Servicers a clear path to resolve settled Claims.

Contacting dispute resolution

Radian's Dispute Resolution Unit has a dedicated email address: disputeresolution@radian.com. To expedite handling, please include the following information in the subject line of the email:

- Type of appeal (supplemental Claim, denial appeal, rescission appeal, SPR appeal)
- Radian Certificate number
- Lender Loan number (optional)

11.1 Supplemental Claims

Radian will process supplemental Claims provided the supplemental Claim is received within ninety (90) days of the original Claim payment for the following reasons:*

1. Allowable Advances and expenses incurred but not documented at the time of the initial Claim filing.
2. Certain claimable expenses that were disallowed on the original Claim payment.

To file a supplemental Claim:

- MI Online — Submit the MI Claim for Loss with any supporting documentation to <https://www.mionline.biz>.
- EDI — Submit supporting documents via email to disputeresolution@radian.com.
- Email — Submit the MI Claim for Loss with any supporting documentation to disputeresolution@radian.com.

Settlement of supplemental Claims

Radian will issue payments for approved supplemental Claims via check or electronic wire of funds. Payments are made on a predetermined monthly schedule and typically occur weekly. A Supplemental EOB will be available for all decisions via MI Online once settlement is complete.

* Servicing Deficiency or foreclosure delay adjustments are considered supplemental Claims, but are not held to the timeline standard. These types of supplemental Claims are held to the standards under the Servicing Performance Review section.

11.2 Servicing Performance Review (SPR) curtailment appeals

Radian will accept appeals for SPR curtailments subject to the Limitations of Action clause and other time constraints listed in our Master Policy for the following reasons:

1. Missing notes, documents, or additional information not previously provided to Radian which document activity not evident during the initial review.
2. Servicer appealing based on possible errors or omissions in the original review.

To file an SPR appeal:

- Submit your appeal along with supporting documentation to Radian's Dispute Resolution Unit at disputeresolution@radian.com.
- Follow supplemental Claim filing instructions via EDI.

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Settlement of SPR curtailment appeals

Radian will issue payments for approved SPR appeals via check or electronic wire of funds as part of our supplemental Claim payment process. Payments are made on a predetermined monthly schedule and typically occur weekly. A Supplemental EOB will be available via MI Online after settlement on all submissions. In addition, a decision letter with detailed-explanation of our decision will also be available via the Correspondence tab of MI Online at time of settlement.

11.3 Rescission appeals

The Rescission Appeal team ensures that all rescission and intent-to-rescind appeal decisions are made in compliance with:

- Radian's Master Policy for primary coverage; or
- the Special Risk Contract for pool coverage that is applicable to the Certificate.

The basis for the review would include but not limited to:

- Respective underwriting guidelines
- Industry standards

Radian will consider rescission appeals subject to the Limitations of Action clause and other time constraints listed in the applicable policy.

For more information, please visit Radian's [Legacy Master Policy](#).

To file an appeal, submit all evidence, documents, exhibits and relevant guidelines to support reinstatement of coverage via email to disputeresolution@radian.com.

Settlement of a rescission appeal

Radian will issue a response letter to the Servicer via email (also available via MI Online on the Correspondence tab) explaining Radian's decision in detail. Approved appeals will be processed for reinstatement of coverage (if applicable). Radian will indicate in the response letter if a return of premium is required to reinstate coverage.

11.4 Denial appeals

Radian will consider appeals for Claim denials based on the reason for the denial. Most denials are summarized into two categories:

A. Policy violation denials

Policy violation denials occur when Radian determines the Servicer or Insured did not meet key requirements of the Master Policy or Special Risk Contract related to the insurance of the Loan. The following are the common policy denials:*

- Late/no Notice of Default (NOD) filing
- Late Claim filing
- Property destroyed
- Unapproved deed in lieu
- Unapproved short sale
- Incorrect foreclosure bidding instructions
- Stop loss reached
- Sunset of policy

*This list is not all inclusive; Radian may deny a Claim for other policy violations.

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To appeal a policy violation denial send a written appeal and any supporting documentation to disputeresolution@radian.com.

Radian will consider appeals for these denials subject to the Limitations of Action clause and other time constraints listed in our Master Policy.

B. Missing document denials

Missing document denials occur when the Servicer or Insured does not provide Radian with the requested documents that are necessary to perfect the Claim.

To appeal documentation denials, send the requested documents to Radian via:

- Email to claimsdocumentrequest@radian.com
- MI Online through the Document Center

For specific questions or an appeal containing information other than documents, send an email to disputeresolution@radian.com.

Radian will consider appeals for document denials until the Claim perfection deadline, which is one (1) year from the applicable claimable event on primary Claims. Pool Loan deadlines vary by policy, see the specific pool policy for more information regarding perfection deadline.

Settlement of denial appeals

Each appeal will receive the appropriate response letter based upon the outcome of the review.

- *New Document Request* — when additional documents are required to perfect the Claim and the Claim perfection deadline has not been exceeded.
- *Reinstatement Letter* — when the Servicer has met the Claim perfection requirements.
- *Policy Violation Denial Letter* — when Radian determines the policy governing the coverage was not met.

11.5 Radian Default and Claims contact information

Default reporting

nodreport@radian.com

Claims

General inquiries/status: claims.department@radian.com

Claims documents: claimsdocumentrequest@radian.com

Appeals/supplemental Claim

disputeresolution@radian.com

Loss mitigation

To discuss non-delegated Loan retention workouts and liquidation options, please contact your dedicated Loan Specialist.

REO acquisitions

Primary insured Loans: reoprimaryapprovals@radian.com

Pool insured Loans: reoapprovals@radian.com

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Radian Guaranty Inc.

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radian