

ARCH MI

Policy Servicing Reference Manual

Effective June 1, 2020



TABLE OF CONTENTS

POLICY SERVICING REFERENCE MANUAL.....	3
Introduction	3
POLICY SERVICING CONTACT INFORMATION	4
CONNECT.....	5
Overview	5
Portfolio Audits and Data Exchange	5
PREMIUM PLANS.....	6
EZ Monthly (PostPay Monthly) Premium Plan.....	6
Standard Monthly Premium Plan.....	6
Annual Premium Plan	7
Single Premium Plan	7
RateStar Buydown Premium Plan	7
ACTIVATION OF COVERAGE	7
Overview	7
EZ Monthly (PostPay Monthly) Premium Plan.....	8
All Other Premium Plans	8
PREMIUM BILLING STATEMENTS	8
Renewal Premium Billing Statements.....	8
Billing Methods	9
Premium Payment Methods.....	10
CERTIFICATE MAINTENANCE.....	11
EXPIRATIONS AND REINSTATEMENTS.....	12
Expired Commitment	12
Reinstatement of Insurance.....	12

CANCELLATIONS.....	13
Cancellation of Coverage	13
Cancellation of Coverage – Premium Refund or Premium Due.....	13
ASSUMPTIONS.....	14
Assumption with or without Release of Liability	14
Partial Releases	15
REPORTING.....	15
Servicing Reporting	15
Default Reporting.....	16
LOAN MODIFICATIONS.....	16

POLICY SERVICING REFERENCE MANUAL

Introduction

Arch MI's Policy Servicing Reference Manual (Manual) is based on the terms and conditions of Arch Mortgage Insurance Company's (AMIC) and United Guaranty Residential Insurance Company's (UGRIC) First Lien Master Policies (the Master Policy). Our goal is to work with our customers to efficiently and effectively service your loans within the framework of each Master Policy.

The Manual applies to all forms of Master Policies issued by AMIC and UGRIC (collectively referred to in this Manual as "Arch MI"). All capitalized terms in this Manual have the meaning stated in each Master Policy unless used in reference to a specified form, program, business unit or otherwise defined in this Manual.

This Manual is intended to explain and assist in following the requirements of each Master Policy but is not intended to amend or modify the Master Policies and, therefore, in the event of any inconsistency between this Manual and the Master Policies, the terms of each Master Policy will prevail.

This Manual applies to these Master Policies:

- *"ARCH MI 3800": The AMIC and UGRIC Master Policy that governs the terms of coverage for all loans with MI Application dates on or after March 1, 2020.*
- *"ARCH MI 1800": The AMIC Master Policy that governs the terms of coverage for all Loans with MI Application dates from Oct. 1, 2014 through Feb. 29, 2020.*
- *"CMG 1100": The AMIC Master Policy that governs the terms of coverage for all loans with MI Application dates prior to Oct. 1, 2014.*
- *"CJA 01/14": The UGRIC Master Policy that governs the terms of coverage for all Loans with MI Application dates from Oct. 1, 2014 through Feb. 29, 2020.*
- *"CAM 01/94": The UGRIC Master Policy that governs the terms of coverage for all loans with MI Application dates prior to Oct. 1, 2014.*

Arch MI retains full and complete reservation of rights under its Master Policies. This Manual reflects Policy Servicing requirements applicable to each Master Policy. Please refer to your Master Policy and endorsements for complete details.

POLICY SERVICING CONTACT INFORMATION

CONNECT, the online secure self-service portal, is the preferred contact and submission method when available. However, directly contacting the Policy Servicing team is also available:

Policy Servicing Department Contact Information	
Contact	<p>Email: polycyservicing@archmi.com</p> <p>Phone: 877-642-4642 (Option 2) 8 a.m.–8 p.m. (Eastern)</p> <p>Fax: 800-490-6757</p> <p>U.S. Mail: Arch Mortgage Insurance Company 230 North Elm St. Greensboro, NC 27401</p> <p>Please do not remit premium payments to this address.</p>
<p>CONNECT (online secure self-service portal) at archmi.com.</p>	

CONNECT

Overview

Arch MI offers **CONNECT**, an online self-service portal at archmi.com, which provides our customers access to their loans insured with Arch MI. This online resource allows our customers to view, and in some cases, update information on their certificates. Designed to provide a web-based connection with Arch MI, this interactive servicing system also gives our customers access to necessary information and the ability to perform a variety of functions online:

- **Commitment and Certificate Maintenance is available:**
 - View Commitment and Certificates.
 - Review statuses.
 - Enter loan closing dates.
 - Update loan numbers.
 - View premium histories.
 - Perform individual or mass loan sales and/or servicing transfers.
 - Cancel Commitment and Certificates.
 - Send email communications to the Arch MI Policy Servicing team.
 - Report loans in default and default statuses.
 - Enter and view claims.

- **A variety of Policy Servicing Reports are available to assist in tracking the servicing of the loan:**
 - Billing.
 - Outstanding Commitments.
 - Cancellation of Coverage.
 - In-Force Portfolio.
 - Premium Refund.

Portfolio Audits and Data Exchange

In order to ensure that Arch MI's data and the servicing lender's data are in sync, it may be necessary to periodically compare our certificate records with the servicing lender's loan records. This audit/reconciliation process can be achieved by the lender providing Arch MI a file containing specific loan attributes for the lender's entire portfolio of loans insured by Arch MI.

The information included in the file will be compared to Arch MI's records and any necessary updates will be performed, such as servicing transfers, loan number and loan closing date changes and other necessary updates. Arch MI will return to the servicing lender a file indicating exceptions found and updates performed, to include certificate number corrections, unidentifiable loans, anniversary (due) date updates and premium amount updates. This file, in turn, can be used to update information in the servicing lender's system.

We suggest regularly scheduled portfolio audits to ensure the continued accuracy of both Arch MI’s system and the lender’s system. Regular audits will help improve servicing and reduce processing time and research for both parties.

PREMIUM PLANS

EZ Monthly (PostPay Monthly) Premium Plan

The EZ Monthly (PostPay® Monthly) Premium Plan provides a month-to-month coverage term. This premium plan is known as a “deferred payment plan” (payment in arrears), allowing the lender to sync up the first MI payment with the borrower’s first mortgage payment:

- The first month’s premium is not required to be collected at loan closing.
- MI coverage begins when Arch MI is notified of the loan closing date and the date is posted to the certificate.
- Initial billing will begin with the billing cycle that follows the posting of the loan closing date and will include the initial bill for the first month’s premium amount (and renewal bills, if applicable).

EZ Monthly (PostPay Monthly): Example		
January	February	March
<ul style="list-style-type: none"> • Loan closes; customer activates loan and pays no initial premium. • Coverage is effective as of the closing date. 	<ul style="list-style-type: none"> • Arch MI bills the initial premium. • Premium is for the month of February and covers the partial January period. • Premium is due by the end of March. 	<ul style="list-style-type: none"> • Arch MI bills the renewal premium. • Premium is for the month of March. • March premium is due by the end of April.

Standard Monthly Premium Plan

The Standard Monthly Premium Plan provides a month-to-month coverage term:

- The first month’s mortgage insurance (MI) premium amount must be collected at loan closing.
- MI coverage begins once the first month’s premium amount is received and applied to the certificate by Arch MI.
- Initial billing will begin subsequent to a certificate’s commitment date. The initial bill for the first month’s MI premium will be included in the billing file until either the initial bill is satisfied, or the policy’s commitment expiration date is reached. The renewal premium billing statement will be available 30 days in advance of the renewal bill effective date. The billing process continues until the insurance is canceled.

Annual Premium Plan

The Annual Premium Plan provides coverage for a term of one year:

- The entire first year's MI premium amount must be collected at loan closing.
- MI coverage begins once the premium is received and applied to the certificate by Arch MI.
- Billing will begin subsequent to a certificate's commitment date. The initial bill for the first year's MI premium will be included in the billing file until either the initial bill is satisfied, or the policy's commitment expiration date is reached. The renewal premium billing statement will be sent one (1) month prior to the certificate anniversary date. The billing process continues annually until the insurance is canceled.
 - **Example:** If the anniversary date is October, the renewal bill will be included in the September billing file.

Single Premium Plan

The Single Premium Plan provides coverage for the life of the loan (full-term) with a one-time, full-term premium payment:

- The full MI premium amount for the life of the loan (full-term) must be collected at loan closing.
- MI coverage begins once the full MI amount (full-term) is received and applied to the certificate by Arch MI.
- Billing for the initial bill of the full-term MI premium amount will begin subsequent to a certificate's commitment date and will continue until the initial bill is satisfied or the policy's commitment expiration date is reached.

RateStar Buydown Premium Plan

The RateStar BuydownSM Premium Plan provides a month-to-month coverage term:

- The upfront portion of the MI premium amount may be paid partially or in full at loan closing.
- MI coverage begins once the buydown amount and the closing date are received by Arch MI.
- Initial billing will begin subsequent to a certificate's commitment date. The initial bill for the upfront MI premium portion will be included in the billing file until either the initial bill is satisfied, or the policy's commitment expiration date is reached. The renewal premium billing statement will be available 30 days in advance of the renewal bill effective date.

ACTIVATION OF COVERAGE

Overview

Once an application for insurance is approved, a Commitment and Certificate of Insurance will be issued. This document serves as a commitment to insure the loan and is generally effective for 120 days from the commitment effective date. The insurance product and premium payment plan selected will determine when the MI coverage begins. Once the loan is closed, MI coverage can be activated.

EZ Monthly (PostPay Monthly) Premium Plan

No MI premium is due at the time of loan closing. Immediately after the loan closes, submit the loan closing date and servicing transfer information, if applicable, to Arch MI for activation using one of the following methods:

- **CONNECT**. Access the online secure self-service portal. Enter the loan closing date and the servicing transfer information, if applicable.
- **Fax (800-490-6757)**. Fax the commitment, loan closing date, new loan number and the servicing transfer information, if applicable, to the Policy Servicing team.
- **Email (policy servicing@archmi.com)**. Email the certificate number, loan closing date, new loan number and the servicing information, if applicable, to the Policy Servicing team.

All Other Premium Plans

- The MI premium is required to activate coverage along with the certificate number, new loan number, loan closing date and the servicing transfer information, if applicable.

Note: For construction loans, regardless of the premium plan selected, please contact the Policy Servicing team for activation. Also, all required information for activation must be received before the expiration date on the Commitment and Certificate or the Commitment and Certificate will expire, requiring a request for reinstatement.

PREMIUM BILLING STATEMENTS

Arch MI provides our customers with monthly, annual, split-premium and RateStar Buydown billing statements. Premium billing is based on the premium plan and renewal option that was selected at the time of origination, which is referenced on the MI Commitment. Once a premium billing statement has been received, verify that the information on the statement is correct and notify Policy Servicing if there are any discrepancies. The entire premium amount is due on the premium due date specified on the premium billing statement.

Renewal Premium Billing Statements

For every month MI premium is due, a renewal premium billing statement will be provided to our customers. The renewal premium billing statement will reflect EZ Monthly (PostPay monthly) premiums due, standard monthly premiums due (including monthly portions of split-premium/RateStar Buydown plans) and annual premiums due. For questions regarding a renewal premium billing statement, please send requests in writing to the Policy Servicing team at policy servicing@archmi.com or call 877-462-4642 (Option 2).

The premium amount due for the EZ Monthly (PostPay Monthly), Standard Monthly, Annual and Split Premium/RateStar Buydown (the monthly portion) Premium Plans is based on one of the following renewal options selected by the customer at the time of origination:

- **Constant (Level) Renewal Premiums:** Are based on the original loan amount insured and remain the same for the first 10 years. Therefore, the premium amount calculated using the level renewal method will be the premium amount due and reflected on the premium billing statement. Please do not alter the printed premium due date and pay as indicated on the billing statement. If there are questions regarding the amount due, please contact Policy Servicing.

Note: After 10 years, the premium due may decrease to a lower renewal rate for the remaining life of the MI.

- **Amortizing (Declining) Renewal Premiums:** Are adjusted based on the current unpaid principal balance. Report the current unpaid principal balance and calculate the current premium due as follows:
 - Multiply the current mortgage loan balance by the premium rate (for monthly premiums divide the results by 12).
 - If applicable, multiply the newly calculated premium by the tax/assessment rate.

Past due premiums must be paid at once to prevent termination of insurance.

Billing Methods

Arch MI offers a variety of billing formats to our customers:

- Electronic billing.
- Paper billing.
- Automated services.

For questions regarding billing methods, please send requests in writing to the Policy Servicing team via email at policyservicing@archmi.com or call 877-642-4642 (Option 2).

Premium Payment Methods

A payment for the total amount of premiums due should be sent with the remittance copy of the premium billing statement. Remit premium payments using one of the following payment methods:

For Loans Insured by Arch Mortgage Insurance Company	For Loans Insured by United Guaranty Residential Insurance Company
Electronic Payments: <ul style="list-style-type: none"> • ACH (Automated Clearing House). • Wire transfer. 	Electronic Payments: <ul style="list-style-type: none"> • ACH (Automated Clearing House). • Wire transfer.
U.S. Mail-Lockbox Address: Arch Mortgage Insurance Company P.O. Box 745451 Atlanta, GA 30374-5451	U.S. Mail-Lockbox Address: Wells Fargo United Guaranty P.O. Box 60957 Charlotte, NC 28260
Overnight Delivery Address (UPS, FedEx, etc.): Bank of America Lockbox Services Arch Mortgage Insurance Company Lockbox #745451 6000 Feldwood Rd. College Park, GA 30349	Overnight Delivery Address (UPS, FedEx, etc.): Wells Fargo United Guaranty Lockbox 60957 1525 W. W.T. Harris Blvd. – 2C2 Charlotte, NC 28262
<p>Note: ACH is the preferred method of payment. Please contact the Policy Servicing team via email at policyservicing@archmi.com or call 877-642-4642 (Option 2) for information regarding electronic payments.</p> <p>If remitting a premium payment electronically, please send the premium billing remittance detail files or spreadsheet to the Policy Servicing team via email at policyservicing@archmi.com.</p>	

CERTIFICATE MAINTENANCE

Upon receipt of the Commitment and Certificate, verify that the information on the form is correct. If corrections are needed, the request should clearly identify the change and the certificate number involved and should provide the information as it appears on the Commitment and Certificate. Please notify the Policy Servicing team in writing via email at polycyservicing@archmi.com, call 877-642-4642 (Option 2) or access [CONNECT](#).

Note: Depending on the nature of the change, Arch MI may request additional information and documentation.

The Arch MI Policy Servicing team will promptly process the change request and provide an amended Commitment and Certificate. Please do not make changes or corrections on a Commitment and Certificate. Arch MI cannot accept initial premium payment for any Commitment and Certificate that has been altered.

According to each Master Policy, the servicing lender is required to provide timely notification of certain servicing events:

- Loan closing date.
- Loan sale.
- Loan transfer.

Servicers are also encouraged to notify Arch MI of other changes to the loan as they occur, either through self-service via the online secure portal or in writing to the Policy Servicing team:

- **Loan Closing Dates:** The lender must provide the loan closing date for the MI coverage to activate for the EZ Monthly (PostPay Monthly) Premium Plans.
- **Loan Sales and Servicing Transfers:**
 - Please include the certificate number, the current lender, the new lender, the loan number assigned by the new lender and the effective date of the loan sale or transfer.
 - Although the seller is primarily responsible for notifying Arch MI of any servicing transfers, servicers who have purchased servicing rights to insured loans may want to contact Arch MI to verify the correct information has been received and processed. This may protect a new servicer from incorrect billing and, consequently, termination of insurance.
 - Servicing transfers at the time of loan closing should be indicated on the Commitment and Certificate when remitting the initial premium payment to Arch MI.
 - For servicing transfers, the new servicer must be approved for servicing by Arch MI and hold an active Master Policy before the transfer can be processed.
- **Loan Number Changes:** The lender is encouraged to provide all loan number changes to Arch MI.
- **Current Unpaid Principal Balances:** Amortizing (Declining) Premium Plans require the current unpaid mortgage loan balance be reported monthly to trigger a reduction in the monthly premium.

EXPIRATIONS AND REINSTATEMENTS

Expired Commitment

Premium payments should be remitted to Arch MI in a timely manner. If a premium payment is not received and applied to the Commitment and Certificate prior to the expiration date being reached, the Commitment and Certificate will automatically expire.

If the issued Commitment expires and the lender did not activate the Commitment prior to the expiration date, then Arch MI will consider requests to extend the MI commitment. The lender will need to make a request for an extension in writing via email to the Policy Servicing team at servicingreinstatements@archmi.com or call 877-642-4642 (Option 2).

Note: To prevent a Commitment from expiring, the lender is encouraged to use the “Outstanding Commitments Report” on [CONNECT](#) as a resource to forecast a Commitment that may be at risk of reaching the expiration date.

Reinstatement of Insurance

Arch MI works closely with our lenders and servicers on reinstatement requests. Please send requests in writing to the Policy Servicing team via email at servicingreinstatements@archmi.com or call 877-642-4642 (Option 2).

The general guidelines and required information to be provided with the reinstatement request are as follows:

- Certificate number.
- Borrower’s name and the subject property address.
- Reason for the reinstatement request.
- Commitment and Certificate(s) cannot be in terminated status greater than 12 months.
- The borrower’s mortgage payment history for the most recent 12-month period must be provided.

Note: Borrower’s mortgage payment history cannot reflect a delinquency of 30 days or more in the most recent six (6) month period, or no more than one (1) 30-day delinquency in the first half of the twelve (12) month period.

The following are provided as examples of potential reinstatement scenarios.

Example 1:

- Payment history reviewed: Jan. 1–Dec. 31, 2019.
- 30-day delinquency reported: Oct. 1, 2019.
- Reinstatement decision: Declined.
- **Declination reason: A 30-day delinquency is present in the most recent six months.**

Example 2:

- Payment history reviewed: Jan. 1–Dec. 31, 2019.
- 30-day delinquency reported: Feb. 1, 2019.
- Reinstatement decision: Approved.
- **Approval reason: A 30-day delinquency is present, but it is not in the most recent six-month period.**

Example 3:

- Payment history reviewed: Jan. 1–Dec. 31, 2019.
- 30-day delinquency reported: Feb. 1, 2019 and May 1, 2019.
- Reinstatement decision: Declined.
- **Declination reason: More than one (1) 30-day delinquency has occurred within the last twelve (12) months.**

Note: If the loan was transferred and a borrower’s mortgage payment history is required, the lender must contact the previous servicer to obtain the borrower’s mortgage payment history. If Arch MI determines the cancellation of insurance on a Commitment and Certificate is due to our error, the borrower’s mortgage payment history will not be required. All other requests for an exception will be handled on a case-by-case basis.

CANCELLATIONS

Cancellation of Coverage

According to each Master Policy, the servicing lender is required to provide timely notification of cancellations.

Coverage Cancellation. Lenders can cancel MI coverage on a loan by notifying the Arch MI Policy Servicing team of the cancellation date. Please send requests in writing to the Policy Servicing team via email at policyservicing@archmi.com, call 877-642-4642 (Option 2) or access [CONNECT](#).

The following information must be provided to the Policy Servicing team for the cancellation request to be processed:

- Certificate number.
- Servicer’s loan number.
- Borrower’s name.
- Subject property address.
- Cancellation effective date.
- Reason for cancellation (Paid in Full, HPA (Homeowners Protection Act), MI not required).
- Exact payee’s name and address, if a refund is due.

Cancellation of Coverage – Premium Refund or Premium Due

Arch MI offers refundable and non-refundable premium plans. Premium refundability is specified on the Commitment and Certificate.

Premium Refund. Depending on the type of premium plan selected at origination, there may be a refund of unearned premium. If a premium refund is due, the refund amount is automatically calculated at the time the coverage cancellation is processed. Arch MI will issue ACH premium refunds within 5 business days. Premium refund checks are mailed within 10 business days. Refunds for Annual and Single-Premium Plans are pro-rated based on the cancellation effective date and subject to any applicable published refund schedule. Refunds for monthly premium plans are not pro-rated.

Note: Monthly (including EZ Monthly and PostPay Monthly) premium plans are generally paid in arrears (unlike Annual or Single-Premium Plans, which are paid in advance). Therefore, when MI coverage is canceled at loan payoff or any other reason, it is possible that a premium payment will still be outstanding and unlikely that a premium refund will be due.

Arch MI will not provide a refund for any period more than 60 days prior to our receipt of the required cancellation notice.

ASSUMPTIONS

An assumption is a change in ownership of property whereby the new owner agrees to assume primary liability for payment of the existing mortgage.

Arch MI recognizes two types of assumptions; both require prior approval:

- Assumption with release of liability: The original borrower is released from liability.
- Assumption without release of liability: The original borrower remains liable for repayment of the mortgage loan.

Note: To be considered for Delegated Assumption Authority, please contact the Policy Servicing team at loanassumptions@archmi.com.

Arch MI will review and respond to all assumption requests within 24 hours with either an approval or denial according to the terms of the applicable Master Policy.

Assumption with or without Release of Liability

Arch MI will underwrite the assuming borrower, based on the Arch MI underwriting requirements and eligibility criteria in effect at the time the assumption request is submitted.

Documentation requirements for both assumption types: Email the completed Assumption Request Form along with all required documentation to the Arch MI Policy Servicing team for review via email at loanassumptions@archmi.com or call 877-642-4642 (Option 2):

- Completed [Partial Release/Assumption Request Form](#).
- Borrower's signed loan application.
- Credit report.
- Verification of Deposit (if funds are required for assumption closing).

- Verification of Employment/Verification of Income.
- Sales contract/divorce decree (as applicable).

Partial Releases

A partial release is the release of a portion of the collateral securing the mortgage loan. Arch MI recognizes two types of partial releases; both require prior approval:

- Voluntary Partial Release: Borrower selling a portion of their property.
- Involuntary Partial Release: A state or local municipality needs a portion of the property for public use.

Note: Arch MI will review and respond to all partial release requests within 24 hours with either an approval or denial according to the terms of the applicable Master Policy.

Documentation Requirements:

Email the completed Partial Release/Assumption Request Form along with all required documentation to loanassumptions@archmi.com for review.

Voluntary Release:

- Completed [Partial Release/Assumption Request Form](#).
- New appraisal.*
- Survey (including the portion of the property to be released).
- 12-month payment history (with current principal balance).
- Copy of the original appraisal.

Involuntary Release:

- Completed [Partial Release/Assumption Request Form](#).
- New appraisal (if funds are not to be applied to unpaid principal balance).*
- Survey (including the portion of the property to be released).
- State/county/government municipality documentation providing the specifics of the Request of Property.

*Copy of the new Appraisal (less than 120 days old) to establish appraised value prior to the release of the property AND appraised value after the release of the property. The appraiser must comment on the effect of the Partial Release regarding the marketability of the property.

REPORTING

Servicing Reporting

The Monthly Servicing Report is defined in the Master Policy. If a servicer would like to submit the Servicing Report, Arch MI will accept either the comprehensive (169 Field) or minimum version (32 Field) of the Mortgage Insurance Loan Activity Report (MILAR) template. While we do not require the MILAR, we encourage its submission as it is a valuable tool in reconciling aspects of your portfolio.

Default Reporting

Default Reporting is required. For more information regarding monthly delinquency reporting, please refer to the [Arch MI Delinquency and Claims Reference Manual](#); complete reporting requirements are located on the [Arch MI Default Reporting webpage](#).

LOAN MODIFICATIONS

Arch MI offers resources for making a change to the loan terms of an existing mortgage by modifying the Note.

Loan Modification. A change in the terms of the loan, including principal balance, interest rate, payment terms or amortization schedule, regardless of whether the loan status is current or delinquent.

For more information regarding Loan Modification programs, guidelines and requirements, please refer to the [Arch MI Delinquency and Claims Reference Manual](#) or contact the Policy Servicing team.

Policy Servicing Loan Modifications Contact Information	
Performing and Non-Performing	<p>Email: loanmods@archmi.com</p> <p>Phone: 877-642-4642 (Option 2) 8 a.m.–8 p.m. (Eastern)</p> <p>Fax: 800-490-6757</p>
Note: Includes FNMA High Loan-to-Value Refinance and FHLMC Enhanced Relief Refinance SM Mortgage Programs.	
CONNECT (online secure self-service portal) at archmi.com .	

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