



## New 2020 Master Policy: Frequently Asked Questions

### General Questions

#### 1 Why are you updating the MGIC Master Policy?

MGIC's update of the Policy is a collaborative effort with U.S. Mortgage Insurers (USMI), Fannie Mae, Freddie Mac (GSEs) and the Federal Housing Finance Agency. The new Policy is designed to further align our Gold Cert rescission relief options with the Representation and Warranty Framework of the GSEs, as outlined in the [GSE Rescission Relief Principles](#).

#### 2 When does the new Master Policy take effect?

The new Master Policy is effective for applications submitted on or after March 1, 2020.

#### 3 When can I review the new Master Policy?

You can view the new Master Policy now at [mgic.com/mp](http://mgic.com/mp).

#### 4 Do I need to do anything to be activated for the new Master Policy?

No action is needed on your part. All policyholders will be automatically activated for the new Master Policy on March 1, 2020.

#### 5 How will I know I've been activated for the new Master Policy?

You'll receive an email with your new Declaration page and links to the Master Policy and endorsement forms.

#### 6 Does the new Master Policy replace the 2014 Master Policy?

Loans insured under the 2014 Master Policy will continue to be insured under the terms of the 2014 Policy. Commitment/Certificates issued under the 2014 Policy will be governed by that policy regardless of when the loan closes. Mortgage insurance applications submitted on or after March 1, 2020 will be subject to the terms of the new Master Policy.

#### 7 Can I compare the new Master Policy to the 2014 Policy to see what's new or different?

Yes. View the following in the Resources section on [mgic.com/mp](http://mgic.com/mp):

- Abbreviated highlights of the 2020 Master Policy changes
- A comprehensive review and comparison that will help both lenders and servicers identify changes they may need to make

## Rescission Relief Questions

### 8 What are the rescission relief options under the new Master Policy?

For rescission relief options at a glance, view the chart linked in the Gold Cert Coverage section on [mgic.com/mp](https://mgic.com/mp).

All loans MGIC insures will continue to be eligible for:

- **36-Month Payment Protection** – Rescission relief for Significant Defects, including a Valuation Defect, and Single Loan Fraud by a borrower at 36 months for current loans with no more than two 30-days-late payments and no 60-days-late payments, with all payments made from the borrower's own funds
- **60-Month Payment Protection** – Rescission relief at 60 months for current loans, regardless of payment history. Loans in default at 60 months receive relief if they are brought current with payments made from the borrower's own funds

Under the new Master Policy our Gold Cert Coverage provides for early rescission relief options:

- **Immediate Payment Protection** – Rescission relief for Significant Defects, including a Valuation Defect, for loans deemed insurable upon our completion of an Independent Validation. For immediate relief:
  - You'll submit the complete origination file and closing file for our review
  - If MGIC approves the loan, we'll notify you that the loan has full rescission relief for Significant Defects

In some cases relief for a Significant Defect relating to occupancy may not be effective until the borrower has made the first 12 payments on time.

Loans deemed insurable under Gold Cert will also have relief from Single Loan Fraud by a borrower when the borrower has made 12 timely payments.

- **12-Month Payment Protection** – Provides relief from Significant Defects when the borrower has made 12 timely payments from their own funds and immediate relief from a Valuation Defect. For this option:
  - You'll need to submit a complete origination file to MGIC prior to close
  - If MGIC approves the loan, we'll notify you whether the loan qualifies for Valuation Defect relief and relief from all other Significant Defects and Single Loan Fraud by a borrower effective when the borrower has made the first 12 payments on time
  - Note: This option allows for MGIC to complete an Independent Validation of the origination file while providing a Closing Document Exception (CDE). CDE is available to MGIC customers in good standing who submit loans on a non-delegated basis in accordance with submission requirements
- **Immediate Valuation Defect Relief** – When we complete an Independent Validation of an appraisal and/or acceptable subject property valuation information, including acceptable Collateral Underwriter® (CU®) scores, and subsequently approve the loan for mortgage insurance, we'll provide immediate relief from a property Valuation Defect

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### 9 How will I know when Gold Cert early rescission relief has been granted?

After we've received the required documents, we'll complete the Independent Validation and notify you of the early rescission relief option(s) granted for each loan. Your MGIC Commitment/Certificate (C/C) and/or your MGIC Status of Coverage (SOC) will indicate your Gold Cert coverage status.

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### 10 What is the Closing Document Exception?

The Closing Document Exception (CDE) option allows for early rescission relief on non-delegated loans without the need to provide the Closing File. It's available to lenders in good standing who submit the complete origination file for underwriting in accordance with the requirements set forth in the new Rescission Relief Guide (coming soon).

MGIC may revoke the CDE rescission relief option from any lender. For information on CDE, contact your MGIC representative, [mgic.com/contact](https://mgic.com/contact).

## Rescission Relief Questions, continued

### 11 What is an Independent Validation?

An Independent Validation is the review of a loan we conduct pre- or post-closing to determine if it qualifies for early rescission relief. We review the application, origination file and closing file (if not participating in the Closing Document Exception).

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### 12 Do I need to request an Independent Validation for my loan?

MGIC will complete an Independent Validation for property value on all non-delegated MI applications with an appraisal. If we approve the loan for mortgage insurance, you'll automatically receive rescission relief for a Valuation Defect. If you want early rescission relief for other Significant Defects on your loans, you'll need to submit the complete origination file and closing file (if not participating in the Closing Document Exception) as specified in our new Underwriting and Rescission Relief Guides (coming soon).

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### 13 Will the quality control (QC) reviews MGIC conducts on my loans today result in any early rescission relief?

Yes, our routine QC reviews of your delegated loans qualify as an Independent Validation, and any loan deemed insurable following a QC review will immediately be granted rescission relief for Significant Defects.

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### 14 Do Life of Loan exclusions still apply in the new Master Policy?

Yes. See the new Master Policy for details or view the 2014/2020 Master Policy comparison at [mgic.com/mp](https://mgic.com/mp).