

Refi-to-Mod (RTM) Loans and Disasters Questions & Answers

This Q&A doesn't replace our Underwriting Guide (mgic.com/uwguide), which contains definitions and full details.

In an area affected by hurricanes or other significant disasters affecting multiple properties, before you close the loan, take appropriate steps, which may include a property inspection, to determine whether there is any physical damage that affects the value you submitted with the Insurance Application.

The transaction remains RTM-eligible if:

- There is no physical damage
- There is physical damage, but the property is restored to its pre-event condition before the refinance is closed

The transaction is no longer RTM-eligible if there is physical damage, and the property is not restored to its pre-event condition before the refinance is closed.

Q: What if my RTM loan closed before the disaster occurred?

A: We do not require you to obtain an inspection report after the loan has closed.

Q: When does MGIC consider a disaster “significant”?

A: We consider a disaster significant when the federal, state or local government declares an area a disaster or a FEMA Emergency Declaration authorizes assistance to an area affected by a disaster.

Q: Is MGIC responsible for determining whether property condition and value meet its Eligibility Criteria/Underwriting Requirements?

A: No, as the customer, you are responsible for determining whether:

- The property condition and value meet our Eligibility Criteria/Underwriting Requirements
- The property is suitable for occupancy and
- Valuation documentation accurately reflects value

Q: What happens when there is physical damage, and restoration cannot be completed until after the refinance transaction is closed?

A: If the property is occupancy ready and at least 90% completed prior to closing, you may escrow repairs. If not, contact your MGIC account representative, mgic.com/contact, for a determination of eligibility for RTM on a case-by-case basis.

Q: Is an exterior-only inspection required to identify physical damage?

A: No, you may choose any method to determine whether there is physical damage that affects subject property and its condition. Photographs of the subject property may be beneficial in identifying the property condition. Examples of acceptable documentation include:

- 1004D
- 2075 Exterior
- Post Disaster Inspection Report

Q: If I have an interior/exterior appraisal that was completed after the disaster occurred, do I also need to obtain an exterior inspection?

A: No, but if the appraisal identifies physical damage, repairs may need to be completed prior to closing. (Property must be occupancy ready at time of closing. If the property is occupancy ready and at least 90% of the other repairs are complete, we will allow outstanding repair costs to be escrowed for completion after closing.)

Q: Do I have to submit the inspection report?

A: No, but you are required to retain the inspection report and any supporting documentation in the loan file.