

## MGIC announces streamlined requirements for foreclosure sale postponements

In addition, we have clarified information regarding:

- arrearage and principal reduction, with respect to loan modifications
- documentation requirements for short sale and deed in lieu of foreclosure requests
- documentation and submission requirements for real estate-owned properties with supplemental (pool or second-layer) coverage

Please review and update any bookmarked references in the newly published version of the MGIC Default Servicing Guide, [www.mgic.com/dsguide](http://www.mgic.com/dsguide).

### New delegation for foreclosure sale postponement

MGIC no longer requires that servicers receive approval for both the loss mitigation workout being pursued and the postponement of foreclosure required to pursue mitigation. Servicers now have delegated authority to postpone a scheduled foreclosure sale in order to pursue a forbearance, repayment plan, loan modification or short sale.

- Loss mitigation workouts that do not meet MGIC's Delegated Guidelines must be submitted for MGIC approval.
- Postponing a sale to consider a deed in lieu of foreclosure does not meet MGIC Delegated Guidelines and must be submitted for approval.
- MGIC's liability (interest and expenses) may be limited to state time frames.

See section 2.01 of the MGIC Default Servicing Guide for details regarding foreclosure sale postponement and 6.04 for state time frames.

### Arrearage and principal reduction defined

In response to increased discussion in the marketplace on arrearage and principal reduction as they pertain to loan modifications, MGIC has:

- outlined its position on arrearage and principal reduction as part of a loan modification,
- clarified the difference between the application of arrearage and principal reduction, as well as the impact to claim payment, and
- addressed the concept of arrearage and principal reduction as loss mitigation options for MGIC-insured loans.

See section 6.03 of the MGIC Default Servicing Guide for details.

### Updated documentation requirements for short sale and deed in lieu requests

MGIC has updated documentation requirements for short sale and deed in lieu (DIL) of foreclosure requests:

- We require a recent credit report for short sale and DIL requests.
- We no longer require provision of a Listing Agreement showing the property has been listed at Fair Market Value for 90 days for DIL requests.

See sections 2.06 and 2.07 of the MGIC Default Servicing Guide for details.

### Listing approval and offer processing for real estate owned (REO)

We've clarified documentation and submission requirements for listing approval and offer processing for REO properties with supplemental coverage (pool or second-layer coverage).

See section 4.02 of the MGIC Default Servicing Guide for details.

### For more information

Refer to the MGIC Default Servicing Guide, [www.mgic.com/dsguide](http://www.mgic.com/dsguide).

Contact MGIC Customer Service, [customer\\_service@mgic.com](mailto:customer_service@mgic.com) or 1-800-424-6442.