

MI Decision Tips

4th Quarter 2019

Genworth’s Risk Quality Assurance team creates this report to help underwriters to submit quality originations. Each quarter, you can use this report to discover the most frequently made MI decision errors and learn how to avoid them. You’ll find excerpts from the associated underwriting guidelines along with corrective actions for each – including relevant examples when appropriate. Loans requiring an exception to Genworth published guidelines must be sent in for a Genworth underwrite.

Assets – Analyzing the Borrower’s Assets		
Decision Error	Underwriting Guideline	Corrective Action
<p>Assets Not Documented as Required by Program or AUS Guidelines</p> <p>Source of Funds not Adequately or Properly Documented for Large Deposits</p>	<p>Genworth Section 4.1 Simply Underwrite Eligibility Follow documentation required by DU and Loan Product Advisor. Additional documentation may be warranted to support the underwriting decision.</p> <p>Genworth Standard Guidelines Section 7.10 Assets and Liabilities Genworth will accept the following GSE standard underwriting guidelines for asset and liability assessment. Our policy is to:</p> <ul style="list-style-type: none"> • Follow Fannie Mae’s guidelines when Fannie Mae is the investor or the Fannie Mae Selling Guide is your standard guideline set • Follow Freddie Mac’s guidelines when Freddie Mac is the investor or the Freddie Mac Seller Guide is your standard guideline set • Follow the least restrictive of the agencies guidelines for all other situations, unless a specific GSE’s guideline is noted to follow for all others. 	<p>Underwriter must ensure Genworth, AUS and Investor documentation requirements have been met for verification and documentation of assets. AUS assumes any assets required will be verified and documented in file.</p> <p>Example 1: Missing documentation to evidence source of a large deposit in the amount of \$6,500.00.</p> <p>Example 2: Missing all pages to bank statements or missing second month statement if required.</p>

For More Information

Contact us at action.center@genworth.com or 800 444.5664 for questions or to give us feedback.

Assets – Analyzing the Borrower’s Assets

Decision Error	Underwriting Guideline	Corrective Action														
<p>Excessive Seller Contributions</p>	<p>Section 5.30 Builder/Seller Contributions Follow GSE standard guidelines for treatment of builder/seller contributions, subject to these maximum contributions amounts:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #c6e0b4;">Occupancy</th> <th style="background-color: #c6e0b4;">LTV</th> <th style="background-color: #c6e0b4;">Max Contribution</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Primary Residence</td> <td>90.01 – 97%</td> <td>3%</td> </tr> <tr> <td>90%</td> <td>6%</td> </tr> <tr> <td>Second Homes</td> <td>90%</td> <td>6%</td> </tr> <tr> <td>Investment Property</td> <td>85%</td> <td>2%</td> </tr> </tbody> </table> <p>Loans with payment abatements are ineligible. Payment abatements are funds provided by an interested party used to offset or fully fund a borrower’s monthly payments.</p> <p><i>Note: The payment of HOA fees is not considered an abatement unless the payment of the fee extends for more than 12 months. The payment of HOA fees for 12 months or less is considered an interested party contribution.</i></p> <p>For HomePath® properties, we allow up to 6% Interested Party Contribution (IPC) for primary residence transactions with LTV/CLTV > 90%. All other requirements related to interested party contributions continue to apply. As DU will not be able to identify the subject property as a HomePath property, it is the lender’s responsibility to verify and ensure that the property is a HomePath property and document the Loan File accordingly.</p>	Occupancy	LTV	Max Contribution	Primary Residence	90.01 – 97%	3%	90%	6%	Second Homes	90%	6%	Investment Property	85%	2%	<p>Underwriter must ensure that AUS, Genworth and Investor guidelines have been met.</p>
Occupancy	LTV	Max Contribution														
Primary Residence	90.01 – 97%	3%														
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Income – Analyzing the Borrower’s Income

Decision Error	Underwriting Guideline	Corrective Action
<p>Verbal VOE Missing, Incomplete or Incorrect</p>	<p>Genworth Section 4.1 Simply Underwrite Eligibility Follow Verbal VOE requirements by DU and Loan Product Advisor.</p> <p>Genworth Standard Guidelines Documentation Section 7.2 Verbal VOE is required to be dated within 30 calendar days prior to the note date for both salaried and self-employed borrowers</p>	<p>Underwriter must ensure that AUS, Genworth and Investor documentation requirements have been met.</p> <p>Example 1: Missing current paystub and W-2 from the prior year or a standard VOE as required by DU.</p> <p>Example 2: Expired income documents. Most recent paystub provided for borrower is dated 08/01/16. Loan closed 12/15/16 (over 120 days old).</p>
<p>Income Not Documented as Required by Program and/or AUS Findings Recommendation</p>	<p>Genworth Section 4.1 Simply Underwrite Eligibility Follow documentation required by DU and Loan Product Advisor. Additional documentation may be warranted to support the underwriting decision.</p> <p>Genworth Standard Guidelines Documentation Requirements Section 7.1 Genworth will accept the following GSE Standard underwriting guidelines for Income & Employment. Our policy is to:</p> <ul style="list-style-type: none"> • Follow Fannie Mae’s guidelines when Fannie Mae is the investor or the Fannie Mae Selling Guide is your standard guideline set • Follow Freddie Mac’s guidelines when Freddie Mac is the investor or the Freddie Mac Seller Guide is your standard guideline set • Follow the least restrictive of the agencies guidelines for all other situations, unless a specific GSE’s guideline is noted to follow for all others. 	<p>Example 3: Current paystub is missing YTD income.</p> <p>Example 4: Borrower has a 2 year job history per 1003 but started a new job mid-year. A lender is required to obtain documentation from the previous employer. The loan file needs to reflect all YTD income and address any employment gaps. There should be evidence of continuity of income.</p>