

COVID-19 Related Rescission Relief For Loans On Forbearance Plans

Frequently Asked Questions (FAQs)

Updated – May 2020

Overview

Genworth is here to support our policyholders and we support the mortgage industry in treating COVID-19 as a natural disaster. Genworth will not automatically make loans ineligible for rescission relief due to forbearance plans associated with COVID-19 Reason for Delinquency (RFD) codes. If the COVID-19 forbearance occurred before a loan meets the minimum monthly payment requirements for rescission relief, the loan may still be eligible for rescission *relief as long as all other payments outside the forbearance period met the minimum monthly payment requirement*. Genworth will not automatically rescind coverage or deny a claim due solely on the basis of a first payment default related to COVID-19 forbearance.

It is important to note Servicers are required to notify Genworth that COVID-19 is the reason for forbearance in their required monthly reporting to Genworth. All other Master Policy rights and terms remain the same.

Frequently Asked Questions

Can loans impacted by COVID-19 receive Genworth's rescission relief?

Yes. Genworth will not consider missed payments under a COVID-related forbearance to be a Default for purposes of the payment history requirement as long as 36 payments are made and all other payments outside the forbearance period meet the requirements for 36-month relief. However, servicers are required to notify Genworth that COVID-19 is the reason for forbearance.

What happens if the loan never cures from the COVID-19 related forbearance plan and results in a claim filed?

Genworth will evaluate the loan and consider rescission relief based on the number of timely monthly payments made prior to COVID-19 related forbearance plan. See below examples that demonstrate our policy in different scenarios.

For 36-month standard rescission relief:

- Scenario 1: **What happens if, for example, the borrower made 21 timely monthly payments before entering into a COVID-19 related forbearance plan and makes an additional 20 timely payments after the loan cures from the COVID-19 event before becoming delinquent again?**
Genworth will consider the loan made 41 combined timely monthly payments which makes the loan eligible for the 36-month standard rescission relief.
- Scenario 2: **What happens if, for example, the borrower made 21 timely monthly payments before entering into a COVID-19 related forbearance plan and makes 10 more timely monthly payments after the loan cures from the COVID-19 event before becoming delinquent again?**
Genworth will consider the loan made 31 combined timely monthly payments which does not make the loan eligible for the 36-month standard relief.
- Scenario 3: **What happens if, for example, the borrower made 30 timely monthly payments before entering into a 8-month COVID-19 related forbearance plan, and then makes 6 more timely monthly payments after the loan cures from the COVID-19 event before becoming delinquent again?**
36-month standard rescission relief will be granted at month 44 after the combined total of 36 timely payments are made by the borrower.

For the 12-month Closing Document Exception under MP1980 or ECC rescission relief under MP1480:

- Scenario 1: **What happens if, for example, the borrower made 7 timely monthly payments before entering into a COVID-19 related forbearance plan and makes 10 more timely monthly payments after the loan cures from the COVID-19 event before becoming delinquent again?**
Genworth will consider the loan made 17 combined timely monthly payments which makes the loan eligible for the 12-month rescission relief.
- Scenario 2: **What happens if, for example, the borrower made 7 timely monthly payments before entering into a COVID-19 related forbearance plan and makes 3 more timely monthly payments after the loan cures from the COVID-19 event before becoming delinquent again?**
Genworth will consider the loan made 10 combined timely monthly payments, which does not make the loan eligible for the 12-month rescission relief.

What happens if the loan goes into a COVID-19 related forbearance plan before the first monthly mortgage payment is due but after Genworth's coverage effective date and never cures?

Genworth will not automatically rescind coverage or deny a claim due solely on the basis of a first payment default related to COVID-19 forbearance. Genworth will review the loan and complete an Independent Validation if warranted, as well as evaluate the merits of the claim as any other claim filed.

What happens if the loan goes into a COVID-19 related forbearance plan prior to MI activation?

We'll allow lenders to activate coverage on loans in which a borrower enters into a COVID-19 forbearance plan that meets our delegated forbearance guidelines prior to making the first loan payment. The loan must comply with all other underwriting terms and conditions, including the borrower being employed at the time of closing, and the coverage effective date must be before the date of default. Genworth delegates authority to servicers to enter into forbearance plans as described in our Servicing Guides and bulletins.

Continued on next page...

Additional Information and Examples

Rescission Relief Master Policy Question:	GNW Response:	Loan Example:
<p>For the 36-month standard rescission relief in MP1980 and MP1480, can COVID-19 impacted loans still be eligible for this rescission relief?</p>	<p>Under both MP1980 and MP1480, to be eligible for rescission relief the loan cannot have more than 2x30 or 1x60 delinquencies during the first 36 months. However, Genworth will not consider missed payments under a COVID-related forbearance to be a Default for purposes of the payment history requirement as long as 36 payments are made and all other payments outside the forbearance period meet the requirements for 36-month relief.</p> <p>Under both MP1980 and MP1480, to be eligible for rescission relief the loan cannot have been subject to a Workout during the first 36 months. MP1980 Section 17(d) lists one of the 6 conditions for 36-month relief as “the loan has not been subject to a Workout, other than a Workout entered into as a result of a natural disaster that caused the related Default.” MP1480 does not contain this specific carve-out; however, under both master policies, we consider COVID-19 to be a natural disaster. Therefore, loans can still be eligible for 36-month standard rescission relief. The loan must be brought current through a lump sum payment or repayment plan. If the COVID-19 forbearance plan transitioned to a permanent modification, the borrower must have completed the trial period plan and executed a permanent modification under one of the available modification options.</p>	<p>If the COVID-19 forbearance period occurred during months 27-30, the loan may still be eligible for rescission relief as long as 36 payments are made and all other payments outside the forbearance period meet the requirements for rescission relief.</p>
<p>For the closing document exception for non-delegated loans in MP1980, can COVID-19 impacted loans still be eligible for this rescission relief after 12 payments? Natural disaster is not addressed in this situation.</p>	<p>We consider COVID-19 a natural disaster. Therefore, loans can still be eligible for rescission relief under the closing document exception after 12 payments are made. The loan must be brought current through a lump sum payment or a repayment plan. If the COVID-19 forbearance plan transitioned to a permanent modification, the borrower must have completed the trial period plan and executed a permanent modification under one of the available modification options.</p>	<p>If the COVID-19 forbearance occurred during month 8, the loan may still be eligible for the closing document exception rescission relief after 12 payments as long as all other payments outside the forbearance period met the 12 monthly payment requirement.</p>

Rescission Relief Master Policy Question:	GNW Response:	Loan Example:
<p>For ECC coverage in MP1480, can COVID-19 impacted loans still be eligible for this rescission relief after 12 payments? Natural disaster is not addressed for this situation.</p>	<p>We consider COVID-19 a natural disaster. Therefore, loans can still be eligible for this ECC rescission relief after 12 payments. The loan must be brought current through a lump sum payment or a repayment plan. If the COVID-19 forbearance plan transitioned to a permanent modification, the borrower must have completed the trial period plan and executed a permanent modification under one of the available modification options.</p>	<p>If the COVID-19 forbearance occurred during month 5, the loan may still be eligible for the ECC coverage rescission relief after 12 payments as long as all other payments outside the forbearance period met the 12 monthly payment requirement.</p>
<p>For MP1480, does Genworth plan to deny coverage for COVID-19 forbearance plans requested by the borrower before making their first mortgage payment under Section 4.1(r)(ii) First Payment Default: <i>A Default existed with respect to the first Loan Payment due under the Loan and such Default continues at the time of Claim submission, in which case we may issue a Claim Denial Notice denying the Claim in full?</i></p>	<p>We consider COVID-19 a natural disaster. Therefore, we will not rescind coverage or deny a Claim for first payment default if a borrower seeks COVID-19-related forbearance prior to making the first loan payment, provided the loan is originated and closed in compliance with applicable law, and all MI underwriting terms and conditions have been fully satisfied, including the borrower being employed at the time of closing. All other master policy rights and terms remain the same.</p>	<p>Loan closes but borrower enters into a COVID-19 forbearance plan before making first mortgage payment. If Genworth's effective date of coverage is before the date of default, Genworth will not rescind or deny if the loan becomes delinquent due to a COVID-19 forbearance plan entered prior to the due date of the first mortgage payment.</p>

For further details on reporting and submission requirements, see section 9 of Genworth's [Default Management Servicing and Reporting Guide](#) or contact Genworth's Servicer Reporting Team at GNW.MORTServicingReport@Genworth.com or contact 919 846.4133.

For additional assistance, contact your Genworth representative or the ActionCenter® at 800 444.5664 action.center@genworth.com. As always, we appreciate your business.