

New Master Policy

Frequently Asked Questions (FAQs)

Updated – January 2020

Overview

In collaboration with the Federal Housing Finance Agency (FHFA), Freddie Mac and Fannie Mae (GSEs), the mortgage insurance companies have worked together to revise the GSE Rescission Relief Principles (RRPs) originally implemented in 2014. Additionally, we are pleased to announce that a new Master Policy (MP 1980) has been designed to support the RRP's which will improve process transparency, provide clarity of coverage, and offer clear resolution paths for all stakeholders.

The new RRP's and MP 1980 are intended to closely align MI rescission relief with the GSE Rep and Warrant Framework, expand the availability of MI early rescission relief to more non-delegated loans, and encourage the granting of rescission relief at the time of full file loan review.

Frequently Asked Questions – General

1. Why is Genworth updating their Master Policy?

- a. Better alignment with the GSE's Rep and Warrant Framework which has continued to evolve since 2014
- b. New GSE technology and tools automating independent verifications providing earlier relief
- c. Greater access to early rescission relief without the requirement to send closing docs for non-delegated lenders
- d. Overall, terms were revised to provide greater certainty of coverage

2. Where can I find a copy of the new RRP's and the new Master Policy?

<https://new.mi.genworth.com/master-policy-info>

https://www.fanniemae.com/content/eligibility_information/amended-and-restated-gse-rescission-relief-principles.pdf

3. Are the new RRP's and new Master Policy changes applicable to all mortgage insurers?

Under the oversight of the Federal Housing Finance Agency, Fannie Mae and Freddie Mac have worked with all approved mortgage insurers to update their master policies and related endorsements and other forms. It is important to note that each MI has their own Master Policy form, and each mortgage insurer may have slight differences within their Policy.

4. Are there life-of-loan exclusions associated with the new Master Policy?

Yes. There are several life-of-loan exclusions including fraud and non-compliance with laws.

5. Is the old Master Policy from 2014 going to be replaced? When will the new Master Policy be delivered to customers?

Yes. A new Master Policy (form number MP1980), which will replace the current Master Policy (form number MP1480), will be issued to all customers with an effective date of March 1, 2020 in accordance with the requirements published by Fannie Mae and Freddie Mac. Genworth will issue the Insured's Master Policy via mail to each home office in February 2020. When the Insured receives the Policy, no action is required, and they do not need to sign or return anything to Genworth. Samples of the Master Policy and related Endorsements are available at our [Master Policy Resource Center](#).

6. What about certificates prior to March 1, 2020?

All previous commitment/certificates under previous Master Policies will continue to receive the rescission relief and insurance terms that they had under their respective Policy. This includes requests received for High LTV Refinance loans where the original MI application received date for the initial coverage is prior to March 1, 2020 as those are considered modifications of the original certificate of insurance.

7. What action is required by lenders or servicers in conjunction with the new RRP's and new Master Policy?

Materials are available on our [Master Policy Resource Center](#), including a detailed change summary, sample Master Policy and Endorsements, as well as new Servicing Guides. Lenders and Servicers should review the Servicing Guides in detail; the MP1980 Servicing Guides will be made available very soon on our MI site. Additionally, lenders should discuss the new Master Policy with their Genworth Representative.

8. In addition to rescission relief, what are some other changes lenders or servicers should make in conjunction with MP 1980?

Customers should review the change summary posted on our MI Site resource page. Some highlights to note include:

- Section 31 (“Physical Damage as principal cause of Default”) and Section 77 (“Adjustments for Physical Damage to the Property”)
- Section 17(f) Genworth’s ability to rely on GSE technology / automated validations and tools for relief (i.e., Collateral Underwriter, Fannie’s Data Validation Services (DVS), etc.)
- Section 47 Lenders and servicers are required to notify Genworth within 30 days after becoming aware of a Significant Defect, Single Loan Fraud or Pattern Activity, or if a loan repurchase is required from a GSE or any other investor. This notification should be sent via email to MI.Inquiries@genworth.com and include all pertinent information on that loan.
- Section 27 (Other Exclusion of “Incomplete Construction”) and Section 78 (“Clarifications on adjustments for Incomplete Construction”)

9. What types of rescission relief are available?

See grid on page 4 of this FAQ document. In summary:

- a. Standard Coverage 36-month rescission relief
- b. 60-month rescission relief
- c. Your Choice Coverage (YCC fka ECC)
- d. Early rescission relief resulting from the satisfactory completion of an Independent Validation

10. Are the terms of standard coverage changing?

The terms of our standard coverage remain the same. Rescission relief is granted after 36 mortgage payments have been made, providing that:

- 36 loan payments with no more than 2X30 or 1X60 delinquencies
- Loan is current at the time of the 36th payment
- All loan payments made with the Borrower’s Own Funds
- Loan was not subject to a forbearance or repayment plan (except due to a disaster) during the first 36 months
- No review of the loan file or closing documents required

11. What are the terms for the 60-month rescission relief?

Rescission relief on a loan will be granted after 60 mortgage payments have been made, providing that:

- Loan did not meet 36-month rescission relief eligibility
- Loan is current at the time of the 60th payment or, if not current at month 60, subsequently becomes current
- All loan payments made with the Borrower’s Own Funds
- No review of the loan file or closing documents required

12. How do you verify that payments have been made with the Borrower’s Own Funds?

It is presumed that the subject property mortgage payment is made from the Borrowers Own Funds unless during our review, we discover Credible Evidence that indicates otherwise.

13. What types of early rescission relief are available for delegated or non-delegated lenders??

See grid on page 4 of this FAQ document. Customers may elect to submit a closing package for evaluation under our early rescission relief program, Your Choice Coverage (YCC), or non-delegated lenders may be eligible for the new Closing Document Exception.

14. How does a lender provide closing documentation and opt into Your Choice Coverage?

Lender should work directly with their Genworth representative to opt-in to Your Choice Coverage. After the lender has opted-in to this early rescission relief program, all required documents should be submitted at mi.genworth.com. All YCC commitment/certificates will include an information note stating "This Commitment/Certificate may be eligible for early rescission relief. For eligibility requirements, refer to the Rescission Relief Guide."

15. What documents are required to be submitted to Genworth for review under Your Choice Coverage?

The documents required to be in the Closing File submitted for YCC consideration are:

- Final Closing Disclosure or other settlement statement signed by the Borrower
- Signed promissory note
- Signed mortgage
- Title insurance commitment
- Homeowner's insurance policy/binder
- Final loan application signed by the Borrower
- Any updated credit package document received after the Genworth underwrite
- Any closing conditions required by the underwriter

In addition to the documents listed above, delegated customers should also submit the complete Origination File.

16. When do loans reviewed and approved through the YCC process receive rescission relief?

Once we have determined that the customer has provided all required documentation, we will perform our Independent Validation. Upon completion of our Independent Validation that does not discover a Significant Defect, we will issue a YCC Coverage Notice detailing our findings and if, and the extent to which, our YCC coverage will apply, subject to additional terms and exclusions that will be outlined in our Rescission Relief Guide.

17. What is the Closing Document Exception option?

The closing document exception provides Participating Lenders with rescission relief against closing defects on non-delegated loans without the need to submit the Closing File. This rescission relief under the Closing Document Exception is granted after the Borrower timely makes the first 12 payments from Borrower's Own Funds.

18. How will the Closing Document Exception option work?

Initially, we are happy to announce that all non-delegated lenders will be granted Participating Lender status. To confirm continued eligibility for the closing document exception, Genworth Quality Control (QC) completes an Independent Validation on a sample of non-delegated closed loans each quarter. Loans are reviewed to ensure that they were closed as expected and documentation is reverified for accuracy. Genworth may remove a lender's Participating Lender status in a future quarter if in recent quarterly samples, loans were not delivered within 30 days of request or if Significant Defects were identified

19. Will anything be required for non-delegated lenders to have their loans included in the Closing Document Exception option?

No. Initially, all non-delegated lenders will be Participating Lenders.

20. Will Genworth's non-delegated underwriting process change to support the RRP's?

No. There are no changes to Genworth's underwriting process anticipated at this time.

21. If my loan is selected for a QC review, when is rescission relief received?

See grid on page 4 of this FAQ document. If our QC review identifies no Significant Defects the loan will receive rescission relief immediately. Additional rescission relief for borrower misrepresentation will be applicable if the first 12 payments on the loan are made on time.

| | Standard Coverage | | Your Choice Coverage | | |
|---|--|---------------|--|---|------------------------------------|
| | Delegated | Non-Delegated | Non-Delegated Closing Doc Exception (CDE) | Non-Delegated (Full YCC or QA Review) | Delegated (Full YCC or QA Review) |
| Required Post-Closing Docs | N/A | N/A | N/A | Closing Docs | Origination Package & Closing Docs |
| Eligibility and Guidelines | 36 Payments | Day One | Day One | Day One | Day One |
| Underwrite of Appraisal Documentation | 36 Payments | Day One | Day One | Day One | Day One |
| Closing Defects / Borrower Misrep | 36 Payments | 36 Payments | 1 12 Payments / 36 Payments | 2 Day One / 12 Payments | Day One / 12 Payments |
| Single Loan Fraud and/or Pattern Activity | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered |
| Lender Activity / Process Considerations | -36th loan payment not being 30 days delinquent; all loan payments being made from the borrower's own funds, no more than 2 loan payments being 30 days delinquent; no loan payment being 60 or more days delinquent; and the loan was not subject to a workout -Day one refers to Certificate Effective Date | | -available to participating lenders -bwr makes 1st 12 consecutive monthly payments with no 30+ day late payments -Day one refers to Certificate Effective Date | -lender should submit required documents within 30 days of our request -Day one refers to the point in time we complete our review -if we cannot determine bwr occupancy, may require 12 payments -value variance only reviews and component relief may also available | |

1 CDE provides Participating Lenders with rescission relief for closing defects subject to first 12 payments being made timely.

2 For closing defects, YCC provides for "day one" rescission relief subject to a lender sending in required documents post-close for GNW to perform an independent validation of the loan/closing. No longer requires 12 timely payments. For borrower misrepresentation, requires the borrower to make the first 12 timely payments before rescission relief applies.

22. What are the changes for Genworth's Peak Portfolio as it relates to the new Master Policy in March?

The new Policy MP1980 is very similar to Peak Portfolio's current Policy MP1920 which is already applicable for any Peak Portfolio MI application after the customer's Peak effective date. While they are separate Policies, customers should discuss Peak Portfolio with the Genworth sales representative for more details.