Genworth Mortgage Insurance

Genworth Supports the Fannie Mae and Freddie Mac (GSEs) COVID-19 Temporary Measures and Flexibilities

Effective immediately, loans utilizing Genworth's Simply Underwrite℠, Standard, and Peak Portfolio℠ programs may be underwritten in accordance with the temporary measures and flexibilities provided in the GSE announcements referenced below:

Announcement Date	Genworth Credit Policy Bulletin	Fannie Mae	Freddie Mac
June 11, 2020	July 6, 2020 – Bulletin 2020-08	**Updated:** Fannie Mae Lender Letter LL-2020-03, Impact of COVID-19 on Originations Fannie Mae Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals	Freddie Mac Bulletin 2020-23 – Selling Guidance Related to COVID-19
June 8, 2020	June 8, 2020 – Bulletin 2020-07	Fannie Mae Lender Letter LL-2020-03, Impact of COVID-19 on Originations	Freddie Mac Bulletin 2020-19 – Selling Guidance Related to COVID-19
		Fannie Mae Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals	Freddie Mac Bulletin 2020-17 – Selling Guidance Related to COVID-19
		Fannie Mae Lender Letter LL-2020-06, Selling Loans in Forbearance due to COVID-19	
May 5, 2020	May 6, 2020 – Bulletin 2020-06	**Updated:** Fannie Mae Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals Fannie Mae Lender Letter LL-2020-03, Impact of COVID-19 on Originations	Freddie Mac Bulletin 2020-11 – Selling Guidance Related to COVID-19
April 14, 2020	April 15, 2020 - Bulletin 2020-05	**Updated:** Fannie Mae Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals	Freddie Mac Bulletin 2020-11 – Selling Guidance Related to COVID-19
March 31, 2020	April 1, 2020 – Bulletin 2020-04	**Updated:** Fannie Mae Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals Fannie Mae Lender Letter LL-2020-03, Impact of COVID-19 on Originations	Freddie Mac Bulletin 2020-8 – Selling Guidance Related to COVID-19

Genworth Mortgage Insurance underwriters include: Genworth Mortgage Insurance Corporation and Genworth Mortgage Insurance Corporation of North Carolina

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March 23, 2020	March 24, 2020 - Bulletin 2020-03	Lender-Letter-LL-2020-04-Impact-COVID-19-Appraisals Lender-Letter-LL-2020-03-Impact-COVID-19-Originations	Freddie Mac Bulletin - 2020-5

Genworth will continue to monitor for any GSE updates and will issue additional guidance as appropriate. At this time, our published *Underwriting Guidelines* will not be updated.

Notes: *Genworth's acceptance of the GSEs' announced flexibilities does not waive our rights under the Master Policy.*

Lenders are also responsible to ensure each loan is in compliance to its investor's guidelines.

Genworth Mortgage Insurance

Underwriting Guidelines

Genworth Mortgage Insurance underwritten by:
Genworth Mortgage Insurance Corporation of North Carolina

March 1, 2020

PEAK PORTFOLIO PROGRAM
Genworth's exclusive portfolio entity

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Genworth Mortgage Insurance underwriters include: Genworth Mortgage Insurance Corporation and Genworth Mortgage Insurance Corporation of North Carolina

Genworth Peak Portfolio Underwriting Guideline Changes and Clarifications

The following guideline changes and clarifications will be effective for MI Applications received on or after March 1, 2020 unless otherwise specified. The Peak Portfolio Underwriting Guidelines with complete details will be updated and available on our website, mi.genworth.com on March 1, 2020.

Genworth Peak Portfolio Underwriting Guideline Changes and Clarifications			
Topic	**Section**	**Old Guideline**	**New Guidelines**
Construction-to-Permanent Financing	2.1	**Eligibility clarification**	Construction-to-Permanent financing is limited to the following property types: • 1 Unit Primary Residences, Second Homes, and Manufactured Housing
Professional Program	2.2	**Eligibility clarification**	The Peak Professional Program eligibility includes: Loan amounts $1,000,001 - $1,500,000 when: • Property type is a Single family (detached & attached), Condominiums, Cooperatives, *and* • LTV ≤ 85%, *and* • Credit score is ≥ 740, *and* • DTI is ≤ 45%
Rate/Term Refinance Transactions	6.2	**Rate/Term Refinance:** Payoff of the outstanding principal balance of subordinate liens securing the property that was used in whole to acquire the subject property	**Rate/Term Refinance:** Expanded to allow the refinance proceeds to **payoff** or **paydown** the outstanding principal balance of subordinate liens securing the property that were used in whole to acquire the subject property
Glossary	8.0	Defined terms specific to the Genworth Mortgage Insurance of North Carolina's Master Policy	Content has been removed. Genworth Mortgage Insurance and Genworth Mortgage Insurance of North Carolina's Master Policies are aligned effective 3/1/2020

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1 OVERVIEW

Loans insured through Genworth Mortgage Insurance Corporation of North Carolina's ("GMIC-NC") Peak Portfolio (Peak) program require a Peak Portfolio Master Policy (Master Policy Form MP 1920) and are not currently eligible for delivery to Fannie Mae (FNMA), Freddie Mac (FHLMC), the (GSE's).

The loan must meet the Peak guidelines or Genworth Standard guidelines in their entirety. Guidelines may not be comingled when a loan is submitted for insurance.

1.1 Fair Lending

It is Genworth's policy to provide all creditworthy applicants equal access to the capital, products, services and expertise of the corporation and its employees without regard to race, color, sex, religion, national origin, handicap, familial status, age, marital status, sexual orientation, geographic location or any other prohibited basis as defined by federal and state law. We require appraisers to report neighborhood and property conditions in factual and specific terms; to be impartial and specific in describing favorable or unfavorable factors; and to avoid the use of subjective, racial or stereotypical terms, phrases, or comments in the appraisal report. We do not designate certain areas as "acceptable" or "unacceptable". Genworth does not "red line."

1.2 Homeowners Protection Act

The Homeowners Protection Act (HPA), which applies to loans closed on or after July 29, 1999, addresses private mortgage insurance disclosure and cancellation. It provides for cancellation of mortgage insurance when certain conditions are met and requires disclosure at origination and during loan servicing. Refer to the Genworth's Lender Servicing Guide for more information about cancellation or termination of mortgage insurance.

1.3 Compliance with Law

Loans must comply with federal, state and local law regulations, ordinances, rules and orders.

1.4 Affordable Housing and Housing Finance Agency Program

Genworth has a special commitment to serve low-to-moderate income borrowers through our Affordable Housing efforts. We work closely with our customers on Affordable Housing products and programs designed to meet the needs of diverse markets. While Genworth has made a strong commitment to Affordable Housing, we have not reduced our commitment to sound risk management practices. We wish to partner with our customers who share Genworth's dedication to high quality Affordable Housing lending.

1.5 Portfolio Dispersion

Genworth monitors the dispersion of our customers' portfolios. Genworth periodically reviews a customer's performance, geographic distribution, mix of loan characteristics, project concentration, loan origination sources, and concentration of high-risk products, and compares the results to Genworth's portfolio actual and targeted mix and performance. On occasion, Genworth may also review a customer's operational policies and processes. As necessary, observations and suggestions will be shared with our customers.

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1.6 Origination Channel

Retail and non-retail originated loans are eligible for insurance through Genworth's Peak Portfolio (Peak) program.

Retail

Genworth considers a loan to be a retail origination when the entity that orders the mortgage insurance coverage (the Insured) performs all the following loan tasks:

- Taking the loan application
- Processing the loan application
- Underwriting the loan application for MI eligibility by the Insured, an MSP, or Genworth (Investor underwriting for compliance to its guidelines is not considered an MI eligibility underwrite)
- Funding and closing the loan

Non-Retail

Genworth considers a loan to be a non-retail origination when a third party to the transaction originates the loan. Table-funded loans are considered non-retail.

1.7 Mortgage Insurance Underwriting Method

Peak loans may be submitted to Genworth for a Genworth/non-delegated underwrite or may be underwritten by an approved delegated Lender in accordance with the processes and procedures specified in the Delegated Underwriting Program Guide.

Loans falling outside Genworth's published guidelines deserving special consideration, should be submitted to Genworth for a non-delegated underwrite.

1.8 Commitment Terms

Genworth's Commitment/Certificate of Insurance is valid for four (4) months from date of issuance. Our standard Commitment term is twelve (12) months for construction-to-permanent loans. Insurance on such loans is subject to the Property being completed and sold to the borrower pursuant to the original specifications and plans submitted with the credit package. Please refer to Section 27 of Master Policy 1920 for any potential Claim impact due to Incomplete Construction.

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2 UNDERWRITING GUIDELINES

Although Peak loans are not currently eligible for delivery to the GSE's, to ensure simplicity in the underwriting process and to avoid guideline repetition, Peak Underwriting Guidelines in many instances will align with the GSE's standard guidelines and documentation requirements (Fannie Mae, Freddie Mac), or other Genworth Standard Underwriting Guidelines (Underwriting Guidelines).

When both the Peak guidelines and Genworth's Standard guidelines are "silent", follow either FNMA or FHLMC published standard guidelines. The least restrictive of the agencies' standard guidelines may be followed, however FNMA and FHLMC guidelines may not be comingled in an Origination File

Throughout this document there are references to various sections of the Genworth Mortgage Insurance Underwriting Guidelines (UWGL) book. These references are designed to guide the Lender to additional relevant information about a guideline or topic.

For example: A reference to information regarding Mortgage Insurance Commitment Terms appears as: (UWGL 5.1.1), indicating that Section 5, Subsection 1.1 of the Underwriting Guidelines book provides additional information related to Mortgage Insurance Commitment Terms.

All loans must meet the requirements of Section 5 and Section 7 of the Genworth Underwriting Guidelines (UWGL) unless specifically addressed in this material.

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ELIGIBILITY MATRICES

Loans insured through Genworth Mortgage Insurance Corporation of North Carolina's ("GMIC-NC") Peak Portfolio (Peak) are not currently eligible for delivery to Fannie Mae (FNMA), Freddie Mac (FHLMC), the (GSEs).

2.1 PEAK PORTFOLIO

Primary Residence – Purchase and Rate/Term Refinance & Construction -to-Permanent[1]				
Property Type	**Maximum LTV/CLTV**	**Maximum Loan Amount**	**Minimum Credit Score**	**Maximum DTI**
Single family (detached & attached), Condominiums, Cooperatives	97%	$850,000	620	50%
	95%	$1,000,000	660	45%
	90%	$2,500,000	660	45%
Construction-to-Permanent (C/P)	95%	$1,000,000	660	45%
	85%	$1,500,000	740	45%
Manufactured Housing	95%	$765,600	660	45%
2- Units[2]	95%	$765,600	620	50%
	95%	$1,000,000	660	45%
3-4 Units	95%	$1,000,000	660	45%
Primary Residence – Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	95%/ NA	$765,600	620	50%
Maximum cash-out: $250,000	85%/ NA	$1,000,000	680	45%
Second Home – Purchase and Rate/Term Refinance				
Single family (detached & attached), Condominiums, Cooperatives and Construction-to-Permanent[1]	90%	$1,000,000	660	50%
	85%	$1,500,000	740	45%
Second Home – Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives **Maximum cash-out: $250,000**	85%/ NA	$765,600	700	45%
Investment Property – Purchase and Rate/Term Refinance				
Single family (detached & attached), Condominiums, Cooperatives	90%/ NA	$765,600	680	45%

[1] Construction-to- Permanent financing eligible for 1 Unit Primary Residences, Second Homes and Manufactured Housing

[2]2-Unit Renovation loans are limited to a maximum 85% LTV

DTI excluding the mortgage insurance premium is used for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

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Peak Portfolio Guidelines and Requirements

All Loans

All loans must meet the requirements of Section 5 and Section 7 of the Genworth Underwriting Guidelines (UWGL) unless specifically addressed in the Peak guide.

Eligible Loan Types

- Fixed rate/fixed payment
- Fully amortizing ARMs with an initial term ≥ 1 year and Balloons, with an initial term ≥ 5yr
- Temporary buydowns

For additional information on this topic refer to page16 of this guide.

Minimum Borrower Contribution & Reserves

Occupancy	Minimum Borrower Contribution	Months Reserves Purchase/ Rate/Term and Cash-out Refinance
1 – Unit Primary < $1,000,000	3%	2 mos. ≤ $765,600 6 mos. $765,601 - $1,000,000
1- Unit Primary >$1,000,000	10%	12 mos.
***ALL* Occupancies**	N/A	Rate/Term & Cash-out – 0 mos.
Primary 2 - 4 Unit	5%	6 mos.
Second Home	5% Note: *The 5% minimum borrower contribution may consist of 3% gift and 2% Borrowers Own Funds.*	
Investment	10%	

For additional information on this topic refer to page 24 of this guide.

Credit Tradelines

- Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months.
  - Credit references may be a combination of tradelines, traditional or nontraditional credit.
- At least one borrower on the loan must have a valid credit score.

For additional information on this topic refer to (UWGL 7.4 & 7.5).

Documentation

Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification: May follow the respective AUS documentation requirements for employment, income and assets.

- All other parameters of Genworth's Peak Guidelines must be met, ***including but not limited to,*** requirements regarding LTV, credit score, DTI, reserves, Borrower Own Funds.
- All other loan parameters must follow full documentation for credit, income, employment, and assets per Genworth Standard Guidelines

For additional information on this topic refer to (UWGL 7.1).

Appraisal

- All property evaluations must have an Interior/Exterior review and all applicable addenda.
- Loan amounts > $1,000,000
  - 2 Full URARs, or 1 Full URAR **and** a Field Review (Form 2000/Form 1032)

For additional information on this topic refer to (UWGL 5.29).

Eligibility Exclusions

- Lender programs and/or products not meeting Peak or Standard guidelines must be approved in writing by Genworth.

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2.2 PEAK PROFESSIONAL

Primary Residence – Purchase and Rate/Term Refinance & Construction-to-Permanent				
Property Type	**Maximum LTV/CLTV**	**Maximum Loan Amount**	**Minimum Credit Score**	**Maximum DTI**
Single family (detached & attached), Condominiums, Cooperatives	97%	$765,600	620	50%
	95%	$1,000,000	680	43%
	85%	$1,500,000	740	45%
Construction-to-Permanent	90%	$1,000,000	680	43%
	85%	$1,500,000	740	45%

DTI excluding the mortgage insurance premium is used for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

Peak Professional Guidelines and Requirements	
All Loans	All loans must meet the requirements of Section 5 and Section 7 of the Genworth Underwriting Guidelines (UWGL) unless specifically addressed the Peak guide.
Eligible Loan Types	• Fixed rate/fixed payment • Fully amortizing ARMs with an initial term ≥ 1 year • Balloons, with an initial term ≥ 5 year • Temporary buydowns For additional information on this topic refer to page 15 of this guide.
Minimum Borrower Contribution & Reserves	**Occupancy** / **Minimum Borrower Contribution** / **Months Reserves Purchase/ Rate/Term /Cash-out Refinance** **1 - Unit Primary ≤ $1,000,000** / 3% / 2 mos. - ≤ $765,600; 6 mos. - $765,601 - $1,000,000 **1- Unit Primary >$1,000,000** / 10% / 12 mos. For additional information on this topic refer to page 24 of this guide.
Credit Tradelines	• Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months. ○ Credit references may be a combination of tradelines, traditional or nontraditional credit. • At least one borrower on the loan must have a valid credit score. For additional information on this topic refer to (UWGL 7.4 & 7.5).

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Peak Professional Guidelines and Requirements	
Documentation	Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification: May follow the respective AUS documentation requirements for employment, income and assets. ○ All other parameters of Genworth's Peak Guidelines must be met, ***including but not limited to,*** requirements regarding LTV, credit score, DTI, reserves, Borrower Own Funds, etc. All other loan parameters must follow full documentation for credit, income, employment, and assets per Genworth Standard Guidelines. For additional information on this topic refer to (UWGL 7.1).
Appraisal	• All property evaluations must have an Interior/Exterior review (URAR) and all applicable addenda. For additional information on this topic refer to (UWGL 5.29).
Borrower Eligibility	At least one borrower in the transaction must: • Have an acceptable designation which may include, but is not limited to: Medical Resident, Medical Fellow, Doctor of Medicine, Dental Science, Optometry, Osteopathy, Doctor of Veterinary Medicine, Attorney, Chiropractor (DC), Certified Public Account (CPA) or PhD in a non-medical profession. • If a Resident or Fellow: • Must have a signed guaranteed non-contingent employment contract or be a graduate from a doctoral program. • Third party written evidence of an acceptable doctorate degree or Juris Doctor degree (J.D.) is required as documentation for the Origination File.
Treatment of Student Loan Debt	Student loan debt may be excluded from the DTI calculation with documentation to evidence that the loan payments will be in deferment after the loan closing date. If there are multiple borrowers on loan with deferred student loan debt, the exclusion of student loan debt only applies to the borrower(s) with the designations meeting the program requirements.
Alternative Documentation for Medical Residents	Medical Residents with a minimum of 6 months residency remaining may use the alternative documentation listed below as evidence that student loan will be in deferment: • Letter from employer verifying the medical resident's start date, or • Letter from employer verifying at least 6 months residency remaining, or • Letter from the student loan servicer confirming that the student loan payments will be in deferment after the loan closing date
Eligibility Exclusions	Lender programs and/or products not meeting Peak or Standard Guidelines must be approved in writing by Genworth.

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2.3 PEAK PLEDGED ASSETS

Primary Residence – Purchase					
Property Type	**Max LTV Before Pledge**	**Max LTV Net of Pledge**	**Maximum Loan Amount**	**Maximum DTI**	**Minimum Credit Score**
Single family, (detached & attached), Condominiums	100%	97%	$510,400	45%	680
	100%	90%	$765,600	45%	700

Note: *DTI excluding the mortgage insurance premium is used for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.*

Peak Pledged Assets Guidelines and Requirements	
All Loans	All loans must meet the requirements of Section 5 and Section 7 of the Genworth Underwriting Guidelines (UWGL) unless specifically addressed in the Peak guide.
Eligible Loan Types	Eligible loan types: • Fixed rate fixed payment • ARMs with initial term ≥ 5 years • **Ineligible:** Temporary buydowns, Balloons
Minimum Borrower Contribution & Reserves	**Minimum Borrower Contribution**: • ≤ $510,400: 0% • > $510,401: 3% from Borrower Own Funds. **Months Reserves**: 2 mos. – *Pledged assets may not be used to meet this requirement* For additional information on this topic refer to page 24 of this guide.
Credit Tradelines	• Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months. ○ Credit references may be a combination of tradelines, traditional or nontraditional credit. • At least one borrower on the loan must have a valid credit score. For additional information on this topic refer to (UWGL 7.4 & 7.5).
Documentation	Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification: May follow the respective AUS documentation requirements for employment, income and assets. • All other parameters of Genworth's Peak Guidelines must be met, ***including but not limited to,*** requirements regarding LTV, credit score, DTI, reserves, Borrower Own Funds, etc. • All other loan parameters must follow full documentation for credit, income, employment, and assets per Genworth Standard Guidelines.
Appraisal	All property evaluations must have an Interior/Exterior review (URAR) and all applicable addenda.

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Peak Pledged Assets Guidelines and Requirements	
Pledge Funds	• Pledge funds may be pledged by the borrower (first party) or third party (immediate family member). • Pledge may be cash/savings or certificate of deposit held by a depository institution as collateral for the loan.
Source of Funds	In addition to the borrower's own funds, these sources are acceptable for down payment, closing costs and prepaids: • Gifts from relative, domestic partner, fiancé, fiancée, church, municipality, public agency, or nonprofit (other than a credit union). • Grants from an employer, public agency or nonprofit organization. • Unsecured borrowed funds from a nonprofit, employer, government municipality or relative. • Borrower funds secured by an asset per Agency guidelines.
Subordinate Financing	Not permitted.
Ineligible Products	Construction-to-permanent, renovation mortgages
Pledge Agreement	The pledged asset agreement in use by the lender for execution by the pledgor (borrower) must contain the following basic terms: • Pledge may be first party pledge or third-party pledge. • The lender must perfect a senior security interest in the collateral, with the right vesting in the investor or Servicer to foreclose on or otherwise liquidate the collateral in the event of borrower default. • Neither the pledgor nor any other party are to access or impair the security interest in the pledged assets.
Pledge Release	The pledge will not be released until either loan payoff or cancellation of MI. However, Genworth may consider the release of the pledge under the following terms: • May be considered after 7 years for a 30-year mortgage and after 5 years for a ≤ 25-year mortgage. • The mortgagor must be current on loan payments with no delinquencies in the last 12 months. • Based on a current appraisal acceptable to Genworth, the current LTV of the related loan must be less than the original net LTV (i.e., the LTV of the loan less the amount of the pledge). • **Documentation:** the following documents must be submitted to the National Processing Center (NPC): letter of request, current appraisal (within the last 120 days), and a loan payment history showing current principal balance and activity for the last 12 months. • Genworth's agreement to allow the release of the pledge will not waive its rights to deduct the total amount of the pledge in the event of a Claim settlement.
Premium Rates	• The premium rate is based on the LTV net of pledge. • LTV net of pledge is equal to: (Loan amount – pledge funds) / lesser of purchase price or appraised value.
Eligibility Exclusions	Lender programs and/or products not meeting Peak or Standard Guidelines must be approved in writing by Genworth.

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Loans insured through Genworth Mortgage Insurance Corporation of North Carolina's ("GMIC-NC") Peak Portfolio (Peak) are not currently eligible for delivery to Fannie Mae (FNMA), Freddie Mac (FHLMC), the (GSEs).

2.4 PEAK AFFORDABLE HOUSING

Primary Residence – Purchase and Rate/Term Refinance & Construction-to-Permanent				
Property Type	**Maximum LTV/CLTV**	**Maximum Loan Amount**	**Minimum Credit Score**	**Maximum DTI**
Single family (detached & attached), Condominiums, Cooperatives	97%/ 105%	$765,600	620	50%
Manufactured Housing	95%/ 105%	$510,400	620	50%

Note: *DTI excluding the mortgage insurance premium is used for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.*

Affordable Housing Guidelines and Requirements	
All Loans	All loans must meet the requirements of Section 5 and Section 7 of the Genworth Underwriting Guidelines (UWGL) unless specifically addressed in the Peak guide.
General Requirements for Affordable Housing	• Homebuyer education is required for first time homebuyer. • Documentation of completion of homebuyer education, as may be required, must be maintained in the Origination File and supplied to Genworth upon request. • Lender must maintain a copy of the Homebuyer Education Disclosure in the Origination File. • All borrowers must occupy the property.
Subordinate Financing	Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines with the exception that the Lender may provide funding. • Any recorded subordinate lien must be included in the CLTV. • Any resulting payment obligations must be included in the DTI.
Eligible Loan Types	• Fixed rate fixed payment • ARMs with initial term ≥ 5 years • Temporary buydowns • **Ineligible:** Balloons
Minimum Borrower Contribution & Reserves	

Occupancy	Minimum Borrower Contribution	Months Reserves Purchase/ Rate/Term Refinance
1 - Unit Primary	DTI ≤ 45% - 1% DTI > 45% - 3%	Purchase: 2 mos. Refinance: 0 mos.

The minimum borrower contribution can be met through gifts, grants or employer assistance, in accordance with GSE guidelines, only if:

- Primary, purchase residence
- Credit score ≥ 680 and DTI ≤ 45%

For additional information on this topic refer to page 24 of this guide as well as (UWGL 7.10.1 and 7.10.3.) for information on Eligible Sources of Funds.

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Affordable Housing Guidelines and Requirements	
Credit Tradelines	• Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months. ○ Credit references may be a combination of tradelines, traditional or nontraditional credit. • At least one borrower on the loan must have a valid credit score. For additional information on this topic refer to (UWGL 7.4 & 7.5).
Documentation	Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification: May follow the respective AUS documentation requirements for employment, income and assets. • All other parameters of Genworth's Peak Guidelines must be met, ***including but not limited to,*** requirements regarding LTV, credit score, DTI, reserves, Borrower Own Funds, etc. • All other loan parameters must follow full documentation for credit, income, employment, and assets per Genworth Standard Guidelines.
Appraisal	• All property evaluations must have an Interior/Exterior review (URAR) and all applicable addenda.
Eligibility Exclusions	Lender programs and/or products not meeting Peak or Standard Guidelines must be approved in writing by Genworth.

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3 ELIGIBLE LOAN TYPES

3.1 Fixed Rate/Fixed Payment

Fixed rate/fixed payment mortgages must be fully amortizing and may have terms up to 40 years.

3.2 Adjustable Rate Mortgage (ARM) Requirements and Features

ARMs must be fully amortizing and may have terms up to 40 years. The ARM index rate must be tied to an index that is published and easily verified by the borrower, and beyond control of the lender.

Eligible ARM features:

Initial Fixed Period	Max Initial Cap	Max Periodic Cap	Lifetime Cap	ARM Term Restrictions
1/1	2%	2%	6%	Min. ARM Term ≥ 3 yrs.: • Manufactured Housing • Loan Amounts >$1,000,000 • 2-Unit properties Min. ARM Term ≥ 5 yrs.: • Second Homes • Investment Properties • Cash-out Refinances Additional ARM Restrictions: • 3-4 Unit properties: Ineligible for ARM financing
2/1 and 2/2 year	2%			
3/1 and 3/3 year	3%			
5/1 and 5/5 year **≥ 5 years**	6%			

3.2.1 Fixed Period ARMs

Loans featuring level payments for a minimum of 5 years are eligible for fixed rate MI pricing provided that the loan has no potential for negative amortization.

3.2.2 ARM Qualifying Rates

Follow GSE standard requirements. For more information, see Fannie Mae or Freddie Mac.

3.3 Balloon Mortgages

Balloon payment loans are not fully amortizing over the loan term and require the balance of the mortgage be paid in a lump sum at the end of the initial term. For additional information on this topic refer to (UWGL7.3).

- Minimum term for the balloon is 5 years.
- Fixed rate/term loans only
- Balloons are ineligible with Investment properties and loan amounts > $1,000,000.

The lender, however, must offer the borrower a new loan at market rates in an amount not less than, the outstanding principal balance with no decrease in the amortization period for insurance coverage to continue.

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3.4 Temporary Buydowns

Occupancy	Loan Type	LTV	Max Buydown Period	Program Restrictions
Primary Residence	• Fixed rate • ≥ 5 year ARMs	95%	3-2-1	Temporary Buydowns are ineligible in conjunction with: • Construction-to-Perm • Manufactured Housing • Investment properties • 2-4 Unit properties • Cash-out Refinances
	• 3 year ARMs	95%	2-1-0	
Affordable Housing	• Fixed rate • ≥ 5 year ARMs	97%	3-2-1	
Second Homes	• Fixed rate • ≥ 5 year ARMs	90%	3-2-1	

3.4.1 Temporary Buydown Qualifying Rates

Follow GSE standard requirements. For more information, see Fannie Mae or Freddie Mac.

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4 INELIGIBLE LOAN FEATURES

Appraisals

- Exterior only appraisals
- Automated Valuation Models (AVMs)
- Desk Review

Assets

- Cash on hand
- Shared equity
- Sweat equity

Borrower Eligibility

- Borrowers with diplomatic immunity
- Foreign Nationals

Geography

Properties located in - Guam, Puerto Rico, Virgin Islands

Income

Rental income from the subject second home may not be used to qualify

Interested Party Contributions - Payment

Loans with payment abatements.

Loan Types

- Cash-out refinances:
  - Properties purchased within the last 6 months
  - Properties previously listed for sale, must be removed from market prior to closing. Origination File must contain documentation
- Graduated Payment Mortgage (GPM)
- Interest only loans
- Loans featuring negative amortization
- Pay option ARMS (POA)

Property Types

- Commercially used properties
- Unimproved land
- Time share units
- Mobile Homes
- Working farms, orchards and ranches
- Houseboats
- Condotels

For additional information on this topic refer to (UWGL 5.8).

Additional Ineligible Loan Features - Loans > $1MM

- Balloons mortgages
- Temporary Buydowns
- Non-traditional credit
- Non-Occupant Co-borrowers

Genworth Underwrite Required

- Loan Amounts >$1,000,000
- Non-Traditional Credit
- Unique/ Atypical Properties
- Non-Warrantable Condos
- Temporary leave income/ Use of assets as supplementa income for qualification.

For additional information on this topic refer to (UWGL 5.8.1)

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5 OCCUPANCY

5.1 Primary Residence

A property is considered a primary residence if it meets the following criteria:

- It is occupied by the borrower for at least six months out of the year and is the address of record for taxes, voter registration, etc.
- It is located within reasonable commuting distance of the borrower's place of employment.
- The borrower declares an intention to occupy the property as a primary residence.
- The property must be occupied by the borrower within sixty (60) days of closing or completion.

We will classify as a primary residence, a home purchased by a borrower for parents who are unable to work or do not have sufficient income to qualify for a mortgage, or a parent/guardian purchasing for their disabled adult child.

For additional information on this topic refer to (UWGL 5.13.1).

5.2 Second Home

A property is considered a second home if it meets the following criteria:

- A 1-unit property located at a reasonable distance away from the borrower's primary residence
- Occupied by the borrower for some portion of the year
- Borrower must have exclusive control over the property
- No agreements may exist that give a management firm control over the occupancy of the property
- Must not be rental property, subject to rental pools, timeshare or shared ownership agreements. If rental income is identified, the loan is eligible to be underwritten as a second home if the income is not used for qualifying purposes and all other requirements for second homes are met including the occupancy requirements above.
- Second Homes with seasonal occupancy limitations must follow GSE standard guidelines.

For additional information on this topic refer to (UWGL 5.13.2).

5.3 Investment Property

A property is considered an investment property if it meets the following criteria:

- Non-owner-occupied property
- For borrowers who are natural Persons
- Rental income may be used to qualify

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6 ELIGIBLE TRANSACTION TYPES

6.1 Purchase

The loan proceeds may be used to:

- Finance the purchase of a property
- Finance the purchase and renovation of a property
- Construct a new property – either through a one-time or two-time closing construction-to-permanent loan
- Payoff of an installment land contract that was executed within the 12 months preceding the date of the loan application.
- Convert a lease option to purchase into permanent financing

6.2 Rate/Term Refinance

The loan may adhere to the GSE guidelines in which the loan amount may include:

- Payoff of unpaid principal balance of the existing first mortgage, or an eligible loan obligation used to finance energy improvements
- Payoff or paydown the outstanding principal balance of subordinate liens securing the property that were used in whole to acquire the subject property
- Paying of closing costs, financing costs, points, prepaids, and
- Cash- back to the borrower:
    - Not to exceed 2% of the principal amount of the new loan amount or $2,000, whichever is less, or
    - If following FHLMC's No Cash-Out Refinance guidelines, funds not to exceed the greater of 1% of the principal amount of the new loan or $2,000

6.3 Portfolio Rate/Term Refinance

For all non-agency or lender portfolio transactions not adhering to the agency refinance definitions in the section above, Genworth allows a different treatment of the payoff of subordinate liens for determining the refinance type.

A loan may be considered a rate/term refinance if it:

- Meets agencies' definition for payoff of the unpaid principal balance, closing costs, financing costs, points, prepaids, and funds for the borrower's use not to exceed 2% or $2,000, whichever is less, and
- Payoff of outstanding subordinate mortgage liens securing the subject Property that have twelve (12) months' seasoning
    - Where the subordinate lien is a Home Equity Line of Credit, total draws within the last 12 months cannot exceed $2,000. Origination File must maintain evidence of the total draws in the past 12 months.
    - Seasoning requirement exceptions are permitted subject to additional criteria.

For additional information on this topic refer to in (UWGL 5.15.1.1).

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6.4 Cash-out Refinance

The mortgage amount may include:

- Cash back to Borrower not exceed $250,000.
  - **Funds that may be included** when calculating maximum cash back to Borrower
    - Payoff of the outstanding principal balance of subordinate liens securing the Property that were not used in whole to acquire the subject Property
    - Payoff of Revolving, Installment or Other Debt
    - Other funds for the borrower's use
  - **Funds that may not be included** when calculating the maximum cash back to Borrower
    - Payoff of unpaid principal balance of the existing first mortgage,
    - Payoff of outstanding balance of subordinate liens securing the property that was used in whole to acquire the subject property,
    - Payoff of closing costs, financing costs, points and prepaids
- **Ineligible for Cash-out Refinance**
  - Properties purchased within the last 6 months
  - Properties previously listed for sale, must be removed from market prior to closing. Origination File must contain documentation to evidence listing was removed prior to closing.
  - Re-subordinated secondary financing.

6.5 Construction-To-Permanent Transactions (C-to-P)

Genworth will insure both a **Single Close and Two Time Close Construction-to-Permanent** loan transactions. Mortgage insurance coverage may be provided during the construction phase or at completion of construction.

6.5.1 Purchase C-to-P

Borrower is not the owner of record of the land prior to the closing of the construction financing.
LTV is based upon: the lesser of Acquisition cost (purchase price of the lot plus total documented construction costs), or Appraised value, as completed.

6.5.2 Rate/Term C-to-P

Borrower is the owner of record of the land prior to the closing of the construction financing.

LTV is based upon: the current appraised value, as completed.

6.5.3 Underwriting

- Borrower is underwritten and qualified with the full PITIA one time according to the terms of the permanent financing.
  - The borrower may make interest only (IO) payments during the construction phase, the end loan or permanent terms may not be IO.
  - A change from a fixed rate to an ARM is allowed when the change occurs on or before the loan converts to permanent financing. The new loan product may be an ARM with an initial fixed term of 3 years or greater.
- For single close construction-to-permanent loans, there is only one Note date, therefore, the conversion/modification date is not applicable to the age of (**credit**) documentation. If the Lender opts to activate coverage at the time of property completion, the Lender is not required to submit updated credit documents as long as the loan closed per the terms of the Commitment/Certificate of Insurance.

6.5.4 Mortgage Insurance Coverage

Coverage may be activated prior to completion or upon completion of construction. Certificate activation instructions may vary based on the premium plan option.

6.5.4.1 Prior to Completion of Construction/Insure During Construction

- The loan close date provided to Genworth to activate coverage is the initial loan close date. Insurance is effective as of the initial loan close date and premium is billed according to the premium plan.
- Upon completion of the construction, Genworth must be notified should any of the loan terms change.
- Certificate activation instructions may vary based on the premium plan option.

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6.5.4.2 Upon Completion of Construction/ Insure Upon Completion of Construction

- Prior to activation of coverage, Genworth must be notified should any of the loan terms change. Construction must be completed at the time of activation as evidenced by acceptance of the property by the borrower (such as a final walk through inspection report) and issuance of a Certificate of Occupancy. These documents must be added to the Lenders Origination File.

  For additional information on this topic refer to (UWGL 5.2).

- For manufactured housing, the installation must be fully complete, including permanent utility connections and construction of any site-built improvements such as garages, decks, or porches as evidenced by a satisfactory Appraisal Update and/or Completion Report.
- Loan is ineligible if borrower has any 30-day delinquencies during construction phase. The pay history from the construction phase must be added to the Lender's Origination File.
- All mechanics' liens, materialmen's liens or any other liens affecting title must be satisfied prior to activation of coverage.
- The loan close date provided to Genworth to activate coverage is the date the loan converts to the permanent financing. By providing this date and the MI premium, the lender is representing and warranting that:
  - The borrower had no delinquencies during the construction phase
  - There are no outstanding liens or any debt affecting title, and
  - The Origination File documentation is complete.
  -

For additional information on this topic refer to (UWGL 5.7).

6.6 Renovation Loans

Genworth will insure renovation loans, including GSE renovation programs, that provide the borrower with funds to cover the costs to renovate, remodel or repair an existing property.

- The loan must be identified as a "renovation" on the mortgage insurance Application
- The Commitment term for renovation loans is 120 days. Commitment terms exceeding 120 days are handled on a case-by-case basis

  For additional information on this topic refer to (UWGL 7.15).

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7 UNDERWRITING

Peak Portfolio Guidelines are applicable to manually underwritten loans as well as loans that have received a FNMA Desktop Underwriter (DU) Approve/ Ineligible or FHLMC Loan Product Advisor (LPA) Accept/ Ineligible decision.

- When available, DU or LPA underwriting decision may utilize the associated documentation efficiencies for employment, income and assets.
- All other loans should be documented according to (Fannie Mae, Freddie Mac) requirements.
    - 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, or
    - Follow the least restrictive of the agencies' guidelines for all other situations

For additional information on this topic refer to (UWGL 7.2).

7.1 Borrower Eligibility

Genworth will insure loans for natural Persons only, except for Inter Vivos Revocable Trusts. Corporations, partnerships or associations may be eligible for special programs subject to written approval by Genworth.
Eligible Borrowers are:

- U.S. Citizens
- Non-Permanent Resident Aliens
- Permanent Resident Aliens
- Inter Vivos Revocable Trusts

Genworth will insure loans to non-U.S. citizens who are non-permanent or permanent resident aliens under the same terms available to U.S. citizens provided:

- All borrowers are lawfully present in the U.S. and supporting documentation must be maintained in the Origination File. Refer to the documentation requirements as referenced below.
- All borrowers have a valid Social Security Number or Individual Tax Identification Number (ITIN)
    - At least one borrower on the loan must have a valid Social Security Number
    - By itself, an ITIN is not evidence that the borrower is lawfully present in the United States. An ITIN is issued strictly for tax payment purposes.
- All borrowers whose income is being used to qualify for the loan have a two (2) year history of employment, income and credit that meets GSE standard guidelines.

For additional information on this topic refer to (UWGL 5.9).

7.2 Credit Underwriting

- **Credit Report Requirements:**
    - Genworth requires a Residential Mortgage Credit Report (RMCR) or an in-file credit report that reflects
        - Credit data for each borrower from a minimum of two (2) repositories; three (3) repositories are preferred (Credit repositories include Equifax, Experian and TransUnion).
    - At least one borrower must have a minimum of (3) tradelines/credit references that have been evaluated for at least 12 months for a credit score to be considered valid.

- **Loan Representative Credit Score:**
    - When one or more borrowers, have valid credit score(s)
        - The lowest of the borrower's credit scores, typically the lowest middle score, is considered the Loan Representative Credit Score.
    - When one borrower has a valid credit score and one or more borrowers do not:
        - The lowest borrower credit score is considered the Loan Representative Credit Score.

For additional information on this topic refer to (UWGL 7.5 -7.9).

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7.3 Asset and Liability Assessment

Follow either FNMA or FHLMC published manual underwriting guidelines (Fannie Mae, Freddie Mac). For all other situations, follow the least restrictive of the agencies' guidelines.

For additional information on this topic refer to (UWGL 7.10.1-7.10.2.).

7.4 Minimum Borrower Contribution and Reserves

The borrower's minimum contribution must be put "into the transaction". This means that the minimum amount required from the borrower is used for down-payment, closing costs, financing costs and/or prepaids. The minimum amount must be verified and documented as the borrower's own funds.

For additional information on this topic refer to (UWGL 7.10.1 & 7.10.3.).

Unless specified in the specific Program Requirements and Guidelines, below is the minimum required borrower contribution for all transactions:

Occupancy	Minimum Borrower Contribution	Months Reserves Purchase/ Rate/Term and Cash-out Refinance
1 - Unit Primary **≤ $1,000,000**	3%	2 mos. - ≤ $765,600 6 mos. - $765,601 - $1,000,000
1 - Unit Primary **> $1,000,000**	10%	12 mos.
≤ $1,000,000	N/A	Rate/Term & Cash-out – 0 mos.
Primary 2 - 4 Unit	5%	6 mos.
Second Home	5% Note: *The 5% minimum borrower contribution may consist of 3% gift and 2% Borrower Own Funds.*	
Investment	10%	

The minimum borrower contribution can be met through gifts, grants or employer assistance, in accordance with GSE guidelines, only if:

- Primary, purchase residence or second home
- Credit score ≥ 680 and DTI ≤ 45%
- No subordinate financing resulting in monthly payment obligations

7.5 Interested Party Contributions

Follow GSE standard guidelines for treatment of builder/seller contributions, subject to these maximums:

Builder/Seller Contributions		
Occupancy	**LTV/CLTV**	**Max Contribution**
Primary Residence	90.01 – 97%	3%
	90%	6%
Second Homes	90%	6%
Investment Property	85%	2%

Note: *The payment of HOA fees for a term of ≤ 12 months is considered an interested party contribution.*

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Loan Documentation

Follow either FNMA or FHLMC published manual underwriting guidelines (Fannie Mae, Freddie Mac) for both asset documentation and age of documentation requirements. For all other situations, follow the least restrictive of the agencies' guidelines.

From time-to-time Genworth Underwriters may request additional documentation to supplement the GSE's minimums in order to better support the underwriting decision.

Electronically Generated Verifications

- Lender represents and warrants the integrity and accuracy of the information
- Significant debts, such as mortgage or installment loans, not verified on the credit report or the in-file reports must be verified

7.6 Employment and Income Documentation

Income and employment are required to be stable. To prove stability of either income or employment, two (2) years of receipt should be documented. If less than two (2) years are documented, the borrower's income must be:

- Adequately verified
- Stable
- Sufficient to repay the mortgage debt
- Likely to continue (This applies to income types for which continuance is always defined and documentable)

For additional information on this topic refer to (UWGL 7.11 -7.11.11).

7.7 Mortgage and Rental Payment History

- Mortgage Payment History - follow either FNMA or FHLMC published manual underwriting guidelines (Fannie Mae, Freddie Mac). For all other situations, follow the least restrictive of the agencies' guidelines.
- Rental Payment History - A direct verification of rental payments (a VOR or 12 months cancelled checks, as applicable) will be required if:
    - The borrower is a nontraditional credit borrower which requires a verification of rental payments as one credit reference, or
    - An additional credit reference is needed to meet our minimum tradeline and history requirement
    - When a borrower is not paying for any monthly housing, an explanation should be provided

7.8 Appraisal Requirements

- All property evaluations must have an Interior/Exterior review (URAR).
- The appraisal form and applicable addenda must meet GSE requirements.
- Use of automated valuation models (AVMs), Appraisal Waivers, PIAs, desk reviews, or exterior only appraisals to obtain property values are ineligible.
- Follow the GSE's standard guidelines for age of appraisal of 120 days. Follow the GSE's policy for obtaining an appraisal update and/or new appraisal for outdated and expired appraisals.
- Loan amounts > $1,000,000
    - 2 Full URARs, or
    - 1 Full URAR **and** a Field Review (Form 2000/Form 1032)

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7.9 Construction-to-Permanent Appraisal

- URAR, “subject to completion” completed by an appraiser at time of underwrite.
- The appraisal form and applicable addenda must meet GSE requirements.
- Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction.
- A new appraisal may be required at completion of construction if the appraiser indicates on the 1004D/442 that the value has declined.
- The update and/or new appraisal must be added to the Origination File documentation.
- If the original appraisal is:
    - ≤ 120 days: Form 1004D/442 with the Certification of Completion section completed by the appraiser must be added to the Origination File documentation
    - > 120 days: Form 1004D/442 must be completed in its entirety by the appraiser. If the appraiser notes that the market value has declined, then a new appraisal is required.

7.10 Completion Escrow

Genworth will insure loans with completion escrows provided the lender has the ability to escrow for the renovation and repairs. Follow Fannie Mae or Freddie Mac guidelines for the establishment and disbursement of the account funds and/or the GSE’s standard guidelines for the specific renovation program. For loans underwritten by Genworth, the Commitment/Certificate of Insurance issued will be conditioned for the escrowed funds and disbursement only for completed repairs and improvements.

7.11 Manufactured Housing

- Manufactured housing must meet GSE standard guidelines.
- Single-wide manufactured homes must be located in a GSE approved project.
- The unit must have the general appearance and functional utility of a conventional site-built home
- The appraisal must address local demand, marketability, and supply of manufactured housing in the area, as well as the quality of construction
- The unit must not be atypical for the neighborhood
- The appraisal report must have a minimum of two (2) manufactured home comparable sales. No comparable sales can be created by combining a land sale with a manufactured home purchase price
- The remaining economic life must be greater than the loan term but no less than 20 years

For additional information on this topic refer to (UWGL 7.12).

7.12 Two Individual Residential Dwellings on One Lot

Information about loans for properties that contain two (2) individual residential dwellings such as a unit above a detached garage, guest house or basement apartment subject to additional criteria.

For additional information on this topic refer to (UWGL 7.13).

7.13 Acreage

Genworth will insure properties up to 40 acres subject to additional criteria.

For additional information on this topic refer to (UWGL 7.14).

7.14 Energy Improvement

Genworth will insure loans for borrowers financing the costs of energy improvements for an existing property according to published Fannie Mae Selling Guide guidelines and documentation.

For additional information on this topic refer to (UWGL 5.18.3 & 7.16).

7.15 Non-Warrantable Condominiums

Loans in attached condominium projects that do not meet GSE project eligibility requirements, and are considered non-warrantable, may be submitted to Genworth on a case-by-case basis.

Origination Files containing a Condo Project Advisor feedback certificate in which a Project Waiver Request (PWR) has been granted may be submitted to Genworth for consideration on a case-by-case basis.

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