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## 1 Introduction (07/11/16)

Genworth promotes clarity and simplicity in our guidelines. We will insure loans that are manually underwritten or underwritten by a Government Sponsored Enterprise (GSE) automated underwriting system (AUS). Fannie Mae's Desktop Underwriter® (DU®) and Freddie Mac's Loan Product Advisor<sup>SM</sup> are referred to throughout this book as a GSE AUS(s).

### Simply Underwrite<sup>SM</sup>

Simply Underwrite is Genworth's program for DU Approve/Eligible, or Loan Product Advisor Accept, Eligible for Purchase loans that meet certain parameters. The guidelines and documentation levels determined by the GSE AUS generally align with our Simply Underwrite requirements.

### Standard Guidelines

Genworth's Standard Guidelines apply to loans that are not eligible for Simply Underwrite or are manually underwritten loans without a GSE AUS recommendation or risk classification. These loans can either be submitted to Genworth for a full package underwrite (Genworth underwrite) or underwritten by the lender using its delegated underwriting authority.

Our guidelines generally align with Fannie Mae and Freddie Mac guidelines (GSE standard guidelines) to ensure simplicity in the underwriting process. GSE standard guidelines are defined as either Fannie Mae's or Freddie Mac's most currently published Selling or Seller Guide guidelines. Underwrite your loans to GSE standards with the exceptions and additional requirements/clarifications in this manual and your loan will be eligible for our insurance.

Guideline variances granted by Fannie Mae and Freddie Mac are outside of published Selling/Seller Guide guidelines. Delegated lenders must submit the variance to Genworth for written approval to obtain a program approval or submit each loan to Genworth for underwriting. Non-delegated lenders must submit each loan for underwriting. Guideline variances that are eligible for Simply Underwrite are found in Section 1.6.

When Genworth's underwriting manual is "silent" and does not address a guideline, the lender must follow GSE standard guidelines. If you typically adhere to Fannie Mae guidelines for underwriting, follow Fannie Mae's Selling Guide guidelines when we are silent. Likewise, follow Freddie Mac's Seller Guide guidelines if you typically adhere to Freddie Mac guidelines. For all other situations, follow the least restrictive of the agencies' guidelines.

We recognize that not every loan falls within these guidelines and may deserve special consideration. Loans outside of our guidelines may benefit from the flexibility in underwriting provided by our underwriters and must be submitted to Genworth for a full package underwrite.

### 1.1 Geographic Guidelines (11/01/05)

Genworth continues to monitor market conditions for economic factors that may be unfavorable for the housing market and may pose considerable risk to long-term collateral values. Our Geographic Guidelines, set forth in Section 6.4, are applied to all loans. These guidelines are subject to change as warranted by local economic condition.

### 1.2 Portfolio Dispersion (05/02/11)

Our Risk Management team 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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### **1.3 Affordable Housing and Housing Finance Agency Programs (11/02/15)**

Genworth has a special commitment to serve low-to-moderate income borrowers through our Affordable Housing and Housing Finance Agency (HFA) efforts. We work closely with our customers on Affordable Housing products and programs designed to meet the needs of diverse markets. These programs may result from partnerships with local and state HFAs and nonprofit community organizations throughout the country. 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.

#### **1.3.1 HFA Guidelines**

Guidelines for Simply Underwrite for HFAs and for manually underwritten HFA loans are found in Section 7.2.2 and 7.2.3.

#### **1.3.2 Affordable Housing Guidelines**

Guidelines for DU HomeReady™ and Loan Product Advisor Home Possible® loan programs that are eligible for Simply Underwrite are found in Section 1.6. For manually underwritten Affordable Housing loans, follow the Affordable Housing guidelines in Section 7.2.1.

### **1.4 Homeowners Protection Act (11/02/15)**

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 Genworth's Lender Servicing Guide for more information about cancellation or termination of mortgage insurance.

### **1.5 Fair Lending (11/01/05)**

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".

## 1.6 Simply Underwrite (11/02/15)

### 1.6.1 GSE AUS Recommendations and Risk Classifications for Simply Underwrite

Simply Underwrite is open to loans with the following GSE AUS recommendations or risk classifications. The following GSE AUS recommendations or risk classifications will be referenced as “Simply Underwrite Loans” throughout this document:

DU Approve	Loan Product Advisor Accept
<ul style="list-style-type: none"> <li>• Approve/Eligible</li> <li>• Approve/Ineligible for HomePath® Properties with Interested Party Contributions (IPC) exceeding standard limits (Maximum 6% IPC)</li> </ul>	<ul style="list-style-type: none"> <li>• Accept/Eligible</li> </ul>

All other recommendations/risk classifications are ineligible for Simply Underwrite and must be manually underwritten to Genworth’s Standard Guidelines. Occasionally, Fannie Mae or Freddie Mac will change guidelines such that a previously “ineligible” condition becomes “eligible” for delivery before DU or Loan Product Advisor is modified to reflect the change. These loans also fall under this “ineligible” process.

#### 1.6.1.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate

The final AUS evaluation must be included in the Loan File. The credit report used by the GSE AUS to determine its recommendation or risk classification is the credit information that the lender must use when determining the representative credit score for MI pricing and eligibility.

The Findings/Feedback messages and conditions must be satisfied and evidenced by the Loan File documentation. “Potential red flag” messages must also be addressed. While the minimum level of documentation for the loan is described in the Findings/Feedback report, it may not be adequate for the loan’s particular circumstances. Additional documentation may be warranted to substantiate the loan decision.

For some loan characteristics, DU and Loan Product Advisor require a lender to take steps outside of the Findings/Feedback report and perform a manual loan assessment according to Selling/Sellers Guide guidelines. Examples include project warrantability and foreclosure and pre-foreclosure waiting periods. The lender must satisfy these requirements to determine there is no change to the loan’s eligibility, per the GSE’s guidelines.

#### 1.6.1.2 DU and Loan Product Advisor Data Accuracy

The data provided to DU and Loan Product Advisor must be verified, accurate and substantiated by Loan File documentation. All data that could impact the DU or Loan Product Advisor result must be disclosed. The lender must carefully review the accuracy of the credit report, income, assets, liabilities and employment data provided to and used in the GSE AUS recommendation/risk classification determination.

**1.6.2 Simply Underwrite LTV/Loan Limits (05/15/17)**

Simply Underwrite Loans must meet the eligibility criteria in this chart.

Primary – Purchase, Rate/Term Refinance & Construction-to-Permanent <sup>3</sup>				
Property Type	Maximum LTV	Maximum Loan Amount <sup>2</sup>	Minimum Credit Score	Maximum DTI
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing <sup>1</sup>	97% <sup>1</sup>	\$424,100	620	Per DU & Loan Product Advisor
	95%	FHFA Maximum		
2 units	95%	\$543,000		
	85%	FHFA Maximum		
3 units <sup>4</sup>	95%	\$656,350	720	45%
4 units <sup>4</sup>		\$815,650		
Second Home – Purchase, Rate/Term Refinance & Construction-to-Permanent <sup>3</sup>				
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing <sup>1</sup>	90%	\$424,100 or FHFA Maximum	620	Per DU & Loan Product Advisor
Investment Property – Purchase & Rate/Term Refinance				
Single family (detached & attached), Condominiums	85%	\$424,100 or FHFA Maximum	700	45%

<sup>1</sup> Manufactured Housing is ineligible for 97% LTV.

<sup>2</sup> Unless otherwise noted, eligible loan amounts in AK & HI are \$636,150 for 1 unit, \$814,500 for 2 units, & \$850,000 for 3 - 4 units. DU High Balance and Loan Prospector Advisor Super Conforming are eligible to FHFA loan limits in all markets.

<sup>3</sup> Construction-to-Permanent is ineligible with property types other than Single family (detached) or Manufactured Housing. Refer to Section 7.5 for Construction-to-Permanent Activation Instructions.

<sup>4</sup> ARM loan types are ineligible for 3 – 4 units.

**1.6.3 Overlays (11/02/2015)**

The following overlays apply to Simply Underwrite Loans.

- Maximum 97% LTV
- Minimum 620 credit score

**1.6.4 Eligibility Exclusions**

Loans with certain features are excluded from Simply Underwrite because there are either specialized guidelines that are applicable or we do not insure these features. The following are excluded from Simply Underwrite:

- DU Refi Plus™ and Freddie Mac Relief Refinance – Open Access<sup>SM</sup>. We insure these programs according to the guidelines in Section 7.1.
- Lender-negotiated guideline variances or approvals are excluded from Simply Underwrite, unless Genworth Risk Management has approved the variance in writing for inclusion. Approved variances are subject to the terms, overlays and other eligibility criteria of Simply Underwrite. The following variances are eligible for Simply Underwrite:
  - Fannie Mae Homestyle® Renovation Mortgages
  - Cooperative Share Mortgages
  - Fannie Mae HFA Preferred™ (Refer to Standard Underwrite Guidelines - Section 7.2.2)
  - Freddie Mac HFA Advantage<sup>SM</sup> Mortgages (Refer to Standard Underwrite Guidelines – Section 7.2.2)
- Properties located in Guam, Puerto Rico and Virgin Islands

1.6.5 This section has been removed (09/16/13)

1.6.6 This section has been removed (09/16/13)

**1.6.7 Customized GSE AUS and Non-GSE Automated Underwriting Systems**

Loans submitted through a customized GSE AUS or non-GSE AUS are excluded from Simply Underwrite. These loans require a manual underwrite to Genworth's Standard Guidelines.

**1.6.8 GSE AUS Underwriting Obligations**

Our acceptance of the GSE AUS response is conditioned on the lender's adherence to the following requirements:

- The recommendation/risk classification was based on accurate and verified data and there was no failure to submit any data to the GSE AUS that may have affected the GSE AUS result;
- The loan was underwritten in compliance with the guidelines and approval conditions detailed in the GSE AUS findings/feedback report;
- The loan was documented and reviewed according to the requirements specified in the GSE AUS findings/feedback report, including a review of the credit report to confirm that the credit history evaluated by the GSE AUS was accurate and complete;
- Erroneous credit report data or potentially derogatory or contradictory information in the Loan File has been investigated and acted upon in accordance with the GSE's requirements; and
- All other requirements of the Sellers or Selling Guide have been met and the loan is eligible for GSE delivery.

These obligations are consistent with the requirements set by Fannie Mae and Freddie Mac when approving a DU or Loan Product Advisor decisioned loan.

***Note: We expect our delegated and non-delegated partners to apply prudent underwriting judgment and reasonableness tests when evaluating a DU or Loan Product Advisor loan for approval. A loan that meets our Simply Underwrite eligibility criteria must not be viewed as an automatic approval for MI. It is the lender's responsibility to perform its due diligence to carefully evaluate the risk in the transaction prior to making a loan decision.***

#### **1.6.9 Genworth's Underwriting Evaluation**

Genworth does not automatically approve loans for mortgage insurance based solely on recommendations obtained from a GSE AUS. While the GSE AUS provides its assessment and our guidelines establish the minimum eligibility criteria, we rely on our underwriter's experience and prudent underwriting to evaluate the overall likelihood that the loan will perform. Our underwriters utilize their underwriter discretion with every loan decision. Meeting the eligibility criteria for Simply Underwrite may not translate into a Genworth loan approval. It is our underwriter's responsibility to thoroughly and thoughtfully evaluate the total Loan File, weighing the degree of risk of each loan factor individually and in combination with others. We will make a determination that the credit worthiness and capacity of the borrower as well as the collateral represent an acceptable risk to Genworth.

#### **1.6.10 Underwriting Notes**

Additional information about documentation, loan programs offered through DU and Loan Product Advisor and certain property characteristics is described below.

##### **1.6.10.1 Documentation**

Follow documentation required by DU and Loan Product Advisor. Additional documentation may be warranted to support the underwriting decision. Refer to Section 7.5 for additional Construction-to-Permanent documentation requirements.

##### **1.6.10.2 Reserves**

Reserves are determined by DU and Loan Product Advisor.

##### **1.6.10.3 Subordinate Financing**

Follow DU's CLTV/HCLTV or Loan Product Advisor's TLTV/HTLTV calculations and maximums.

**Note:** Loans utilizing Community Seconds or Affordable Seconds are considered Affordable Housing Loans and must be identified as such to utilize higher CLTV limits. Refer to Affordable Housing and Housing Finance Agency Guidelines in Section 7.2.

##### **1.6.10.4 HomeReady and Home Possible (11/02/15)**

HomeReady, Home Possible and Home Possible Advantage are eligible for Simply Underwrite. The loan must be processed through DU or Loan Product Advisor with the applicable program identifiers, according to the GSE's directions. Underwrite the loan according to the GSE's program guidelines and apply our Simply Underwrite overlays and exclusions.



### 1.6.10.5 HomeStyle Renovation

HomeStyle Renovation mortgages are eligible for Simply Underwrite according to Fannie Mae's published guidelines. Refer to Simply Underwrite guidelines in Section 1.6 for a complete list of exclusions. As a reminder, Genworth insures natural persons and Inter Vivos Revocable Trusts.

### 1.6.10.6 Non-Residential Properties

Fannie Mae and Freddie Mac do not purchase non-residential properties such as agricultural type properties, commercially used properties, working farms, orchards and ranches. These types of properties are ineligible for our MI, too. The Loan File must evidence:

- The highest and best use of the property must be residential.
- The property characteristics and present land use indicate it is residential.
- The site size must be typical for the area and readily marketable.
- The appraisal report must address the impact of outbuildings, especially significant outbuildings, on the property's value and use

### 1.6.10.7 Property Flips

Fannie Mae and Freddie Mac provide guidance for evaluating property flips, the quick sale of a recently purchased property for a profit by the seller (see Freddie Mac's Bulletin 2009-24 Attachment A: Best Practices for Loans Involving Possible Property Flips and the resources on each GSE's fraud prevention website). The guidance is intended to help a lender identify the characteristics of legitimate property flips and fraudulent property flips. We expect lenders to look for the red flags of improper flips and take steps outlined by the GSEs to confirm or dismiss the legitimacy of the transaction. Any excessive value message or rapid appreciation message from DU and Loan Product Advisor must be addressed according to the GSE's guidance. This entails at a minimum the thorough review of the appraisal (e.g., comparables, sales histories, detail and documentation of improvements, rationale for value increase, photographs, etc.) to confirm the value is not fraudulently inflated. The Loan File documentation must thoroughly evidence that the property flip is legitimate.

### 1.6.10.8 Condominium, PUD and Cooperative Unit Projects (11/02/15)

Condominium, PUD and cooperative share projects must be warrantable per Fannie Mae and Freddie Mac published project guidelines. The project review types that are eligible for Simply Underwrite are listed below. The lender must comply with the GSE's general project review standards and eligibility requirements as well as the specific project requirements for one of the following:

- Fannie Mae Project Eligibility Review Service (PERS) Final Approval, Condo Project Manager (CPM) Certified by Lender, Lender Full Review and Limited Review
- Freddie Mac Streamlined Review, Established Condominium Projects, New Condominium Projects and 2-to-4 Unit Projects and Detached Condominium Projects

Cooperative units must be located in Fannie Mae's designated markets. Refer to Section 6.9.3 for a list of acceptable locations.

Included in the warranty is the acknowledgement that there have been no changes to the project that would result in the project no longer meeting eligibility requirements. The lender must also be sure that the data submitted to the GSE for project approval is accurate and consistent with the appraisal and other project documentation obtained.

The lender must retain the project documentation needed to support the warranty in the Loan File, according to the GSE's requirements. The 1008 marked with the applicable project review type code will serve as the lender's warranty that the project meets the GSE's requirements.

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

**1.6.10.9 Gift Funds**

For Simply Underwrite Loans, gift funds will be considered an acceptable source of funds for the purpose of meeting the borrower's minimum contribution. Follow GSE requirements for eligible sources of personal gifts (including gifts of equity), donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds.

**Note:** *Delegated loans utilizing gift funds to meet the borrower's minimum contribution must be submitted via our website (Order and Edit System) or select Loan Origination System (LOS) connections. Refer to the Appendix for a complete list of eligible LOS connections.*

**1.6.10.10 HomePath Properties**

Fannie Mae allows underwriting flexibilities for HomePath properties, up to 6% interested party contributions for primary residence transactions over 90% LTV. Loans meeting Fannie Mae's HomePath Properties guidelines are eligible for mortgage insurance. 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.

**1.6.10.11 Buyer's Premium Fees**

A buyer's premium fee is a fee paid by the buyer (borrower) to a third party and is typically associated with the auction sale of a property. The buyer's premium fee may be added to the winning bid to determine the final sales price. As with all purchase transactions, the lesser of the sales price or the appraised value must be used when establishing the LTV. The buyer's premium fee should not exceed 10% of the winning bid.

**1.6.10.12** This section has been removed (11/02/15)

**1.6.10.13 Previously Paid Claim**

Genworth will insure a loan for a borrower(s) on whom we have previously paid a claim subject to GSE foreclosure, deed-in-lieu of foreclosure & pre-foreclosure (short) sale requirements and timeframes.

**1.6.10.14 Nontraditional Credit (09/24/16)**

Loans with nontraditional credit will be allowed under our Simply Underwrite Guidelines. Loans may be submitted on a delegated or non-delegated basis. Lenders must follow GSE standard guidelines for documenting a nontraditional credit history. Loans not receiving a DU Approve/Eligible recommendation or Loan Product Advisor Accept/Eligible risk classification must be manually underwritten to our Standard Guidelines in Section 5.7.

**1.6.10.15 Property Inspection Waivers (01/01/17)**

Property Inspection Waivers (PIWs) are eligible when offered by DU for rate/term refinance transactions receiving an Approve/Eligible recommendation.

**1.7 Retail and Non-Retail Originations (05/14/12)**

For a loan to qualify as a Retail Origination, the entity that orders the mortgage insurance coverage (the Insured) must have performed all of 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 of the loan.

A Mortgage Service Provider (MSP) may be used so long as: (1) the MSP does not take the loan application, (2) the MSP is paid on a fee basis for services performed, and (3) the payment of fees is not contingent on mortgage approval or loan closing.

Loans must be funded from a warehouse line in the lender's name or from the lender's own funds. Table-funded loans are considered Non-Retail.

## 2 Ineligible Loan Features (03/28/16)

Loans with any of the following features are ineligible for Genworth mortgage insurance:

- LTVs > 97%<sup>1</sup>
- LTVs < 80%<sup>3</sup>
- Credit Scores < 620<sup>1</sup>
- DTI > 50%<sup>1,2</sup>
- Alt A documentation (stated and no income/no assets), no doc, reduced doc, lite doc, limited doc
- Exterior only appraisals, AVMs, PIWs, PIAs, and desk reviews<sup>1,2</sup>
- Loan Types: Balloons with initial term < 5 years, interest only, GPMs, negative amortization of any type, pay option ARMs (POA)
- A Minus
- Property Types: Condotels, commercially used properties, unimproved land, time share units, mobile homes, working farms, orchards and ranches, houseboats
- Properties located in Puerto Rico, Guam and the Virgin Islands

Additional geographic restrictions are found in Section 6.4 Geographic Guidelines.

<sup>1</sup> Genworth-Insured Refinance programs permit loans with these features. Refer to Section 7.1 for Genworth-Insured Refinance Program Guidelines. For Pledged Asset loans, the maximum allowable LTV before the pledge is 100%, however, the maximum LTV net of pledge is 97%. Refer to Section 7.8 for Pledged Assets Program Guidelines.

<sup>2</sup> Eligible for Simply Underwrite. Refer to Section 1.6.

<sup>3</sup> Loans with LTVs < 80% may be submitted for a Genworth Underwrite and consideration on a case-by-case basis.

### 3 Standard Guidelines Documentation Requirements (07/11/16)

Standard Guidelines apply to loans that are not eligible for Simply Underwrite or manually underwritten loans without a GSE AUS recommendation or risk classification. The Standard Guidelines documentation requirements are described in the chart below.

Our policy for loans underwritten to Standard Guidelines is to:

- 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

The chart below abbreviates this policy as “Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive.” In some places, we select either Fannie Mae or Freddie Mac as the “all other” default.

Loans with a DU Approve / Ineligible or Loan Product Advisor Accept / Ineligible recommendation or risk classification **not meeting** Simply Underwrite guidelines:

- Must meet Genworth Standard Guidelines
- May follow the respective AUS documentation requirements for employment, income and assets
- All other parameters of Genworth Standard Guidelines must be met, **including but not limited to**, requirements regarding LTV, credit score, DTI, reserves, tradelines, borrower own funds, etc.

For Genworth-Insured Refinance Programs, including GSE-HARP Eligible Refinance, the documentation requirements are found in Section 7.1.

**Note:** Loans underwritten to Genworth’s Standard Guidelines may be submitted using your delegated authority, as allowed, or submitted to us for a Genworth underwrite (full package). Our underwriters may request additional documentation to supplement the GSE minimums to support the underwriting decision for loans submitted for a Genworth underwrite.

#### 3.1 Standard Guidelines Documentation

Documentation	DU Approve or Loan Product Advisor Accept	All other Manually Underwritten Loans
<b>GSE AUS Findings or Feedback Report</b>	Evidence of the final AUS evaluation is a required document for the Loan File.	As applicable
<b>Credit Report</b>	Follow the GSE AUS requirements. <b>Note:</b> <i>The credit report used by the GSE AUS to determine its recommendation or risk classification is the credit information that the lender must use when determining the representative credit score for pricing or eligibility.</i>	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
<b>Mortgage &amp; Rental Payment History</b>	<u>Mortgage Payment History</u> <ul style="list-style-type: none"> <li>• Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive</li> </ul> <u>Rental Payment History</u> A direct verification of rental payments (a VOR or 12 months cancelled checks, as applicable) will be required if: <ul style="list-style-type: none"> <li>• The borrower is a nontraditional credit borrower which requires a verification of rental payments as one credit reference, or</li> <li>• An additional credit reference is needed to meet our minimum tradeline and history requirement</li> <li>• When a borrower is not paying for any monthly housing, an explanation should be provided</li> </ul>	
<b>Income &amp; Employment</b>	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive

Documentation	DU Approve or Loan Product Advisor Accept	All other Manually Underwritten Loans
<b>IRS Form 4506-T, 8821 or 4506</b>	Follow the GSE AUS requirements	<ul style="list-style-type: none"> <li>Follow Freddie Mac if Freddie Mac</li> <li>Follow Fannie Mae for all others</li> </ul> <p><b>Note:</b> For Genworth underwritten loans, a condition for the signed tax returns/transcripts may be placed on the Commitment/Certificate of Insurance. You are not required to submit the signed documentation to us prior to certification; however, the documentation must be retained in the Loan File after it has been obtained and must match the unsigned tax returns/transcripts used for underwriting.</p>
<b>Verbal VOE</b>	Follow the GSE AUS requirements	<p>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><b>Note:</b> For Genworth underwritten loans, a condition for the verbal VOE may be placed on the Commitment/Certificate of Insurance. You are not required to submit the verbal VOE to us prior to certification; however, the document must be retained in the Loan File after it has been obtained.</p>
<b>Assets</b>	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>All property evaluations must have an Interior/Exterior review (URAR)</li> <li>The appraisal form and applicable addenda, such as 1004MC/Form 71, must meet GSE requirements</li> <li>Use of automated valuation models (AVMs), PIWs, PIAs, desk reviews, or exterior only appraisals to obtain property values are ineligible</li> <li>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</li> </ul>	
<b>Appraisal for Construction-to-Permanent Loans</b>	<ul style="list-style-type: none"> <li>URAR, "subject to completion" completed by an appraiser at time of underwrite</li> <li>The appraisal form and applicable addenda must meet GSE requirements</li> <li>Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction</li> <li>A new appraisal may be required at completion of construction if the appraiser indicates on the 1004D/442 that the value has declined</li> <li>Refer to Section 7.5 for detailed construction-to-permanent appraisal and recertification of value requirements</li> </ul>	
<b>Age of Credit Report, Income, Employment and Asset Documentation</b>	Follow the GSE AUS requirements	<ul style="list-style-type: none"> <li>Follow Freddie Mac if Freddie Mac</li> <li>Follow Fannie Mae for all others</li> </ul>

Electronically generated verifications are acceptable provided the lender represents and warrants the integrity and accuracy of the information. In addition we require:

- Verification of significant debts, such as mortgage or installment loans, which are not verified on the credit report or the in-file reports
- Applicable Genworth Application to request the mortgage insurance coverage

### 3.2 Ineligible Documentation Types

- Stated Income (SIVA, SISA)
- Stated Assets (VISA)
- All other income, employment, or asset documentation that does not meet published GSE standard guidelines (e.g. limited doc, lite doc, reduced doc, etc.)
- No Income (NINA, NIVA)
- "No Doc"

## 4 Standard Guidelines for Loan Eligibility

The guidelines in this chapter apply to all loans that do not meet Simply Underwrite eligibility requirements. Refer to Section 1.6 for Simply Underwrite guidelines.

### 4.1 Standard Guidelines LTV/Loan Limits (05/15/17)

Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent <sup>4</sup>					
Property Type	Maximum LTV <sup>3</sup>	Maximum Loan Amount <sup>2</sup>	Minimum Credit Score	Maximum DTI	
				Delegated	Non-delegated
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing <sup>1</sup>	97% <sup>1</sup>	\$424,100	620	50%	
		\$650,000	720	45%	
Single family (detached & attached), Condominiums, Cooperatives	90%	\$650,000 or FHFA in HI	620	45%	50%
	95%	\$650,000	660	45%	
	90%	\$850,000	680	43%	
	90%	\$1,000,000 <sup>2</sup>	700		
2 units	95%	\$543,000	620	45%	50%
3 units <sup>5</sup>		\$656,350	720	45%	
4 units <sup>5</sup>		\$815,650			
Primary Residence - Cash-Out Refinance					
Single family (detached & attached), Condominiums, Cooperatives	85%	\$424,100	620	45%	50%
	Maximum cash-out amount: \$200,000				
Second Home - Purchase, Rate/Term Refinance & Construction-to-Permanent <sup>4</sup>					
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing <sup>1</sup>	90%	\$424,100	620	45%	50%
		\$650,000 or FHFA in HI	700	45%	
		\$850,000	720	41%	
Second Home - Cash-Out Refinance					
Single family (detached & attached), Condominiums, Cooperatives	85%	\$424,100	740	41%	
	Maximum cash-out amount: \$200,000				
Investment Property – Purchase & Rate/Term Refinance					
Single family (detached & attached), Condominiums	85%	\$650,000 or FHFA in HI	700	45%	

<sup>1</sup> Manufactured Housing is ineligible for 97% LTV and loan amounts > \$424,100 except in AK and HI.

<sup>2</sup> Unless otherwise noted, eligible loan amounts in AK & HI are \$636,150 for 1 unit, \$814,500 for 2 units, & \$850,000 for 3 - 4 units. Loan amounts > \$850,000 require a Genworth underwrite. See Section 4.2 for guidelines related to Loan Amounts > GSE Conforming Limit.

<sup>3</sup> See Section 4.3 LTV/CLTV/GLTV/TLTV for complete details

<sup>4</sup> Construction-to-Permanent is ineligible for property types other than Single family (detached) or Manufactured Housing or with loan amounts > \$850,000. Refer to Section 7.5 for Construction-to-Permanent product description.

<sup>5</sup> ARM loan types are ineligible for 3 – 4 units.

**Note:** Some products may have different LTV/loan amount limits. Please refer to the product descriptions for possible exceptions.

#### 4.1.1 LTV 95.01 – 97% (01/27/13)

- Eligible Loan Types: Fixed rate/fixed payment, ARMs with initial term  $\geq$  5 years
- Ineligible Loan Features: Temporary buydowns (except for Affordable Housing and HFA loans), balloons, nontraditional credit and non-occupant co-borrowers
- Affordable Housing and HFAs: Refer to Section 7.2 for 95.01 – 97% LTV guidelines

## 4.2 Loan Amounts > GSE Conforming Limit (05/15/17)

Loan Amounts > GSE Conforming Limit	
<b>Description</b>	Guidelines are applicable to manually underwritten Fannie Mae High Balance, Freddie Mac Super Conforming and Non-GSE jumbo loan amounts
<b>Loan Type</b>	<ul style="list-style-type: none"> <li>Fixed rate/fixed payment</li> <li>Fully amortizing ARMs with initial term as follows: <ul style="list-style-type: none"> <li>Primary Residence - Loan amount ≤ \$650,000: Initial term ≥ 1 year <ul style="list-style-type: none"> <li>Loan Amount &gt; \$650,000: Initial term ≥ 3 years</li> </ul> </li> <li>Second Home &amp; Investment Property: Initial term ≥ 5 years</li> </ul> </li> <li><b>Ineligible:</b> Temporary buydowns, balloons</li> </ul>
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>≤ \$650,000: Minimum 3% from borrower's own funds</li> <li>\$650,001 - \$850,000: Minimum 5% from borrower's own funds</li> <li>\$850,001 - \$1,000,000: Minimum 10% from borrower's own funds</li> </ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li><i>Gift or grant funds are not permitted towards minimum borrower contribution for loan amounts &gt; \$650,000</i></li> <li><i>Minimum borrower contribution varies by property type and loan amount. Refer to Section 5.12.3 for additional details regarding minimum borrower contributions related to occupancy and property type.</i></li> </ul>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>Primary Residence: <ul style="list-style-type: none"> <li>\$424,101 - \$650,000 or FHFA in HI: 2 months</li> <li>\$650,001 or &gt; FHFA in HI - \$850,000: 6 months</li> <li>\$850,001 - \$1,000,000: 9 months</li> </ul> </li> <li>Second Home &amp; Investment Property: 6 months</li> </ul>
<b>Subordinate Financing (CLTV)</b>	Ineligible with loan amounts > \$1,000,000, Cash-Out Refinance or Investment Property
<b>Documentation</b>	Refer to Section 3 Documentation Requirements
<b>Ineligible</b>	Temporary buydowns, balloons, nontraditional credit, construction-to-permanent > \$850,000, 2 – 4 units, manufactured housing

## 4.3 LTV/CLTV/GLTV/TLTV (11/02/15)

Genworth calculates several ratios to express the relationship between the loan amount, subordinate financing amounts and financed MI with the property value (lesser of purchase price or appraised value). The numerator for each includes:

- LTV: Loan amount
- Combined LTV (CLTV): Loan amount + subordinate financing amounts (second liens or HELOCs)
- Gross LTV (GLTV): Loan amount + financed MI premium
- Total LTV (TLTV): Loan amount + subordinate financing amounts + financed MI premium

Loan amount: Includes financed amounts for closing costs, prepaids/escrows, etc. but not the mortgage insurance premium.

For loans where the MI premium is financed into the loan amount:

- Genworth's underwriting guidelines are based on the LTV excluding the financed MI premium
- The LTV category for rates is determined using the loan amount excluding the financed MI premium
- The premium amount is calculated using the base loan amount, excluding the financed MI premium, times the premium rate
- Split Premium payment option loans follow the same guidelines above. The annualized monthly premium rate is applied to the base loan amount, excluding the financed upfront premium

Financed MI premium is not allowed for cash-out refinance transactions or investment property

For New York state property transactions the following applies:

- The **sales price** is used to calculate the LTV ratio to determine whether mortgage insurance is required for cooperative purchase transactions
- The **appraised value** is used to calculate the LTV ratio to determine whether mortgage insurance is required for non-cooperative properties and refinance transactions for co-op share loans

- The lesser of the appraised value or sales price is used to calculate the LTV ratio to determine the level of mortgage insurance that is required for all New York properties

**Note:**

- A buyer's premium fee is a fee paid by the buyer (borrower) to a third party and is typically associated with the auction sale of a property. The buyer's premium fee may be added to the winning bid to determine the final sales price. As with all purchase transactions, the lesser of the sales price or the appraised value must be used when establishing the LTV. The buyer's premium fee should not exceed 10% of the winning bid.

**4.3.1 Maximum CLTV**

The maximum combined loan-to-value (CLTV) is typically equal to the maximum LTV of the applicable product and program, except for Affordable Housing and HFA loans. Refer to Sections 4.3.3 and 7.2 for complete details.

**4.3.2 Types of Subordinate Financing**

Follow GSE standard guidelines for eligible types of subordinate financing.

**4.3.3 LTV/CLTV/GLTV/TLTV (05/15/17)**

Property Type/ Loan Amount	Purpose	Max LTV	CLTV	GLTV	TLTV
<b>Primary</b>					
<b>1 unit</b>	Purchase & Rate/Term Refinance	97%	97%	100%	100%
	Cash-Out Refinance	85%	NA	NA	85%
<b>Manufactured Housing</b>	Purchase & Rate/Term Refinance	95%	95%	100%	100%
<b>Cooperative units</b>	Purchase & Rate/Term Refinance	97%	97%	100%	100%
<b>2 - 4 units</b>	Purchase & Rate/Term Refinance	95%	95%	100%	100%
<b>\$424,101 – \$650,000</b>	Purchase & Rate/Term Refinance	95%	95%	95%	95%
<b>\$650,001 – \$850,000</b>	Purchase & Rate/Term Refinance	90%	90%	95%	95%
<b>\$850,001 - \$1,000,000</b>	Purchase & Rate/Term Refinance	90%	N/A	90%	90%
	Purchase & Rate/Term Refinance	85%	85%	85%	85%
<b>&gt; \$1,000,000</b>	Purchase & Rate/Term Refinance	90%	NA	90%	90%
<b>Second Home</b>					
<b>1 unit</b>	Purchase & Rate/Term Refinance	90%	90%	95%	95%
<b>Manufactured Housing</b>	Purchase & Rate/Term Refinance	90%	90%	95%	95%
<b>Cooperative units</b>	Purchase & Rate/Term Refinance	90%	90%	95%	95%
<b>Investment Property</b>					
<b>1 unit</b>	Purchase	85%	NA	NA	85%

The LTV/CLTV/GLTV/TLTV tables for Affordable Housing and HFA loans are found in Section 7.2.

**Note:** Loans utilizing Community Seconds or Affordable Seconds are considered Affordable Housing loans and must be identified as such to utilize higher CLTV limits.

**4.4 Refinance Transactions (09/24/16)****4.4.1 Rate/Term Refinances (Fannie Mae's Limited Cash-Out and Freddie's No Cash-out) (09/24/16)**

The mortgage amount for a rate/term refinance may include:

- Payoff of unpaid principal balance of the existing first mortgage, or an eligible loan obligation used to finance energy improvements, e.g. a PACE or PACE-like obligation,
- Payoff of 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
- Other funds for the borrower's use not to exceed 2% of the principal amount of the new loan amount or \$2,000, whichever is less

"Buyouts" and "special purpose cash-out refinance mortgages" are treated as rate/term refinance transactions provided the GSE conditions are met.



GSE renovation programs may have different requirements for amounts included in the rate/term refinance. Refer to Section 6.17 for Renovation Mortgages.

#### 4.4.1.1 Non-Agency or Portfolio Rate/Term Refinance Transactions (3/30/15)

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

A non-agency or portfolio refinance transaction may be treated as 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. Loan File must maintain evidence of the total draws in the past 12 months.

Exceptions to the seasoning requirement are permitted when:

- The subordinate lien was originated as a purchase money second with the first and second recorded simultaneously
- The subordinate lien was used in its entirety for documented home improvements

Non-agency or lender portfolio transactions that do not meet the definition above are treated as cash-out refinances.

#### 4.4.2 Cash-out Refinances (10/01/14)

The mortgage amount for a cash-out refinance may include:

- Payoff of unpaid principal balance of the existing first mortgage,
- Payoff of the outstanding principal balance of subordinate liens securing the property that were not used in whole to acquire the subject property,
- Paying of closing costs, financing costs, points, prepaids, and
- Other funds for the borrower's use

Cash-Out Refinance Guidelines	
<b>Seasoning and Listing History</b>	The following are ineligible for cash-out refinance: <ul style="list-style-type: none"> <li>• Properties purchased within the last six (6) months</li> <li>• Homes listed for sale within the last six (6) months</li> </ul>
<b>LTV Determination</b>	The current appraisal value is used to determine LTV
<b>Subordinate Financing</b>	Borrower may pay off subordinate financing in a cash-out refinance transaction. Borrowers may not re-subordinate liens in a cash-out transaction.
<b>Loan Type</b>	<ul style="list-style-type: none"> <li>• Fixed rate/fixed payment</li> <li>• Fully amortizing ARMs with initial term <math>\geq</math> 5 years</li> </ul>
<b>Nontraditional Credit</b>	Eligible on a case-by-case basis with a Genworth underwrite
<b>Property Types</b>	<ul style="list-style-type: none"> <li>• Single family, detached and attached</li> <li>• Condominiums</li> <li>• Cooperatives</li> </ul>
<b>Ineligible</b>	Temporary buydowns, balloons, manufactured housing, 2 – 4 units, construction-to-permanent, financed MI

#### 4.4.3 Fannie Mae DU Refi Plus & Refi Plus and Freddie Mac Relief Refinance Programs (03/23/09)

We will insure Fannie Mae and Freddie Mac's Home Affordable Refinance programs according to the guidelines in Section 7.1 Genworth-Insured Refinance Program.

#### 4.4.4 Subordinate Liens, Home Equity Lines of Credit & Junior Liens (06/15/15)

Borrowers may payoff subordinate financing in a rate/term or cash-out refinance transaction, according to GSE standard guidelines or as per Genworth non-agency or portfolio rate/term refinance guidelines (Section 4.4.1.1). Subordinate financing may be re-subordinated in a rate/term refinance, according to GSE standard guidelines. Borrowers may not re-subordinate liens in a cash-out refinance transaction.

4.4.5 This section has been removed. (03/28/16)

#### 4.4.6 Fannie Mae's Delayed Financing Exception (05/14/12)

We will insure cash-out refinances that meet Fannie Mae's delayed refinancing exception guidelines. Our cash-out refinance guidelines in 4.4.2 also apply, except for the six months seasoning requirement.

### 4.5 Adjustable Rate Mortgages (10/01/14)

#### 4.5.1 ARM Index

The ARM index rate must be tied to an index that is published, beyond the control of the lender and easily verified by the borrower.

#### 4.5.2 Five Year Fixed Period ARM (09/16/13)

Genworth charges fixed payment rates on loans featuring level payments for at least the first five (5) years provided there is (1) no potential for negative amortization during the first five years, (2) no buydown feature or (3) rate concessions.

#### 4.5.3 Lifetime Caps on ARM Loans (02/16/10)

Genworth requires lifetime caps not to exceed 6% over the initial rate.

#### 4.5.4 Minimum Initial Fixed Period (11/02/15)

The minimum initial fixed rate fixed payment period is twelve (12) months.

#### 4.5.5 Per Adjustment Caps on ARM Loans (11/02/15)

Fixed Period	Maximum Initial Cap (1 <sup>st</sup> Adjustment)	Maximum Periodic Cap (Subsequent Annual)	Lifetime Cap
< 5 years	3%	2%	6%
≥ 5 years	6%	2%	6%

#### 4.5.6 Qualifying Rate on ARMs (04/27/09)

Follow GSE standard requirements.

#### 4.5.7 Interest Rate Shortfall (06/15/15)

The maximum initial interest rate discount from the fully indexed accrual rate (FIAR) is:

- Primary Residence: 300 basis points
- Second Home: 200 basis points
  - ARMs with initial term < 5 years ineligible
- Investment Property: 200 basis points
  - ARMs with initial term < 5 years ineligible
- 3 – 4 Unit Property: ARMs ineligible

#### 4.5.8 Potential Negative Amortization

Loans with a potential negative amortization feature are not eligible for insurance.

#### 4.5.9 Scheduled Negative Amortization

Loans with scheduled negative amortization are not eligible for insurance.

#### 4.5.10 Graduated Payment Mortgage (09/21/09)

GPMs are not eligible for insurance.

#### 4.5.11 Subsequent Interest Rate Adjustment Terms (11/02/15)

The minimum subsequent interest rate adjustment term is one year for ARM loan types.

## 4.6 Temporary Buydowns (01/01/17)

Temporary buydowns are eligible as follows:

Occupancy	Loan Type	LTV	Max Buydown Period	Qualifying Rate
Primary Residence	• Fixed rate	97% <sup>1</sup>	3-2-1	Follow GSE standard guidelines
	• ≥ 5 year ARMs	95%		
	• 3 year ARMs	95%	2-1-0	
Second Homes	• Fixed rate	90%	3-2-1	
	• ≥ 5 year ARMs			

<sup>1</sup>97% LTV buydown allowed only for Affordable Housing and HFA programs. Refer to Section 7.2 for Affordable Housing and HFA program guidelines. Temporary buydowns are ineligible for cash-out refinances, loan amounts > \$424,100 or \$636,150 in AK & HI, LTV > 95% (unless Affordable Housing or HFA loans), manufactured housing, construction-to-permanent loans, investment property and 2 – 4 unit properties.

## 4.7 Balloons/Call Options (11/05/05)

Genworth will insure mortgage loans featuring balloon payments or call options. The minimum term is five (5) years. The lender, however, must offer the borrower a new loan at market rates in an amount not less than the then outstanding principal balance with no decrease in the amortization period in order for our insurance coverage to continue. At the end of the balloon term, Genworth's Master Policy requires that an offer of unconditional refinancing or modification be extended to the borrower in order for our insurance coverage to continue.

If the borrower is offered a modification of the same note, a Notification of Modification must be submitted to our National Processing Center.

If an entirely new note is executed, Genworth's insurance coverage will continue provided a new signed loan application, a mortgage insurance application, and the Genworth Certificate number for the prior loan are submitted to your local Genworth underwriting office.

We reserve the right to adjust the renewal premium or to request a mortgage payment history if the modification or the new loan represents additional coverage or a more risky mortgage type.

## 4.8 Relocation Loans

### 4.8.1 Employer Relocation Programs (03/28/16)

A relocation loan must have all of the following attributes:

- Made to a transferred employee or to a newly hired employee to finance a primary residence at a new location
- Made pursuant to a relocation program administered by the corporate employer or its agent
- Made by the lender pursuant to a contract or agreement with the employer or its agent

Employer contributions must consist of one or more of the following:

- A buydown or subsidy of the mortgage interest rate
- Payment of the borrower's closing costs (including loan discount points and origination fees) on the new and/or the previous residence
- Funding of a below market rate or no interest bridge loan
- Payment of the difference between property tax and/or mortgage interest rate obligation on the employee's previous residence and new primary residence
- Funds for moving expenses, temporary housing, house hunting expenses, loss on sale of home, equity buyout of current mortgage

4.8.2 This section has been removed (11/02/15)

4.9 This section has been removed (06/15/2015)

This section has been incorporated into Section 4.3.

4.9.1 This section has been removed (06/15/2015)

The GLTV grid is incorporated into Section 4.3.3.

## 5 Standard Guidelines for Borrower Eligibility

The guidelines in this chapter apply to all loans that do not meet Simply Underwrite eligibility requirements. Refer to Section 1.6 for Simply Underwrite guidelines.

### 5.1 Eligible Borrowers (01/27/13)

Genworth will insure loans for natural persons only, except for InterVivos Trusts. Corporations, partnerships or associations may be eligible for special programs subject to written approval by Genworth Risk Management.

Eligible borrowers are:

- U.S. Citizens
- Permanent Resident Aliens
- Non-Permanent Resident Aliens
- InterVivos Trusts

Genworth does not insure borrowers with diplomatic immunity.

#### 5.1.1 Non-Permanent Resident Alien

Genworth will insure loans to non-permanent resident aliens who apply with a permanent resident alien or a U.S. citizen under the same terms that are available to U.S. citizens.

For loans where all the borrowers are non-permanent resident aliens, the borrower must have:

- A two (2) year history of employment, income and credit that meets GSE standard guidelines
- The Loan File must contain documentation to verify that the borrower(s) is legally residing in the U.S.

#### 5.1.2 Permanent Resident Aliens

Genworth will insure loans made to aliens who are lawful permanent residents of the United States under the same terms available to citizens.

#### 5.1.3 Foreign Nationals

We do not insure foreign nationals.

#### 5.1.4 Inter Vivos Revocable Trusts

Genworth will insure Inter Vivos Revocable Trusts to GSE standard guidelines.

## 5.2 Occupancy Status

### 5.2.1 Primary Residence (05/14/12)

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

- Occupied by the borrower for at least six months out of the year and the address of record for taxes, voter registration, etc.
- Located within a reasonable commuting distance to the borrower's place of employment
- 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, subject to these guidelines:

- Purchase and rate/term refinance only to a maximum 95% LTV/CLTV
- Borrower must provide an explanation identifying the situation and the need for financing
- Occupancy by the parent must be documented with an occupancy affidavit signed by parent and borrower indicating that the parent intends to occupy the property within 60 days of closing
- If run through DU, messages related to intent to occupy must be addressed

### 5.2.2 Second Homes (03/28/16)

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

- Is a 1 unit property located a reasonable distance away from the borrower's primary residence
- Suitable for year-round occupancy
- Occupied by the borrower for some portion of the year
- The 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 as long as the income is not used for qualifying purposes and all other requirements for second homes are met including the occupancy requirements above.
- **Ineligible:** ARM with initial term < 5 years

### 5.2.3 Investment Properties (11/02/15)

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
- **Ineligible:** Cash-out refinances, construction-to-permanent, 2 – 4 units, financed MI, ARM with initial term < 5 years, balloons and temporary buydowns

A "kiddie condo" is any property type that is purchased to provide housing for a family member who is attending college, trade or technical school. Typically, the parent(s) are the buyers and non-occupants(s) and the son/daughter is the occupant. "Kiddie condos" fall into our definition of investment property as well as loans where the occupying borrower does not contribute any qualifying income. Rental income from a "kiddie condo" may not be used for qualification purposes.

## 5.3 Qualifying Ratios (06/15/15)

It is the lender's responsibility to determine whether the borrower has the ability to repay all monthly debt obligations. The Loan File must contain the documentation to support the borrower's capacity to repay his/her obligations.

### 5.3.1 Debt-to-Income Ratio (DTI)

Genworth uses a single, total debt-to-income ratio for qualification. We will generally insure loans with ratios up to:

- 45% for most loans
  - 41% for loans with nontraditional credit

**Note:** *Qualifying ratios may vary based on product or submission method (delegated vs. non-delegated). Refer to the program descriptions for possible exceptions to the above ratios.*

Higher DTIs may not be prudent for every borrower. We recommend a careful assessment of the borrower's current and past financial profile and overall terms of the loan transaction to determine the reasonableness of a DTI approaching the maximum limit. The presence of one or more of the following conditions may help compensate for the increased risk of a higher DTI:

- Borrower has demonstrated the ability to carry a higher housing expense or higher debt level while maintaining a good credit history
- Borrower has additional sources of income that were not considered stable for use in qualification
- Borrower has substantial liquid reserves equal to six months reserves above required reserves
- Borrower has demonstrated the ability to accumulate savings and to maintain a good credit history or a non-housing debt-free position
- Borrower's new housing payment is no more than 115 - 120% of the prior rental or housing payment
- Borrower's gap between the monthly housing debt (HDI) and DTI is less than 15 points

There may be factors other than those above that you use to support and document the borrower's capacity to repay monthly obligations.

### 5.3.2 This section has been removed (09/16/13)

Non-occupying co-borrower guidelines are located in Section 5.13.9.

### **5.3.3 Housing Expense to Income Ratio (HDI)**

Genworth does not impose a maximum total housing expense-to-income ratio (HDI) but recognizes that a review of the gap between the borrower's HDI and DTI is a useful tool to help assess the borrower's capacity to satisfy monthly obligations. When the gap is wide (more than 15 points) prudent underwriting and reasonableness tests should be applied to see if the borrower has managed the level of non-mortgage related debt in the past and maintained a strong credit history. In addition, a borrower, especially a first time homebuyer, with both an HDI and TDI in the 41%-45% range may not be prudent.

## 5.4 Credit Underwriting (07/11/16)

Genworth will accept either of the following ways to establish a borrower's credit history for loans underwritten to Genworth's Standard Guidelines:

- **Using Credit Scores:** Our Using Credit Score guidelines should be used when the credit scores obtained for the borrower(s) meet the required minimum number of tradelines / credit references (3) and the history requirements (evaluated at least 12 months). Follow Section 5.5 guidelines.
- **Using Nontraditional Credit:** Nontraditional credit guidelines should be used if no credit score(s) are obtained from any credit reporting agency due to the absence of credit information or if unable to meet minimum number of tradelines / credit references and history requirements. Follow Section 5.7 guidelines.

Documentation	DU Approve or Loan Product Advisor Accept	All other Manually Underwritten Loans
<b>Credit Report</b>	Follow the GSE AUS requirements. <b>Note:</b> <i>The credit report used by the GSE AUS to determine its recommendation or risk classification is the credit information that the lender must use when determining the representative credit score for pricing or eligibility.</i>	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
<b>Documentation Age</b>	Follow GSE AUS requirements	<ul style="list-style-type: none"> <li>• Follow Freddie Mac if Freddie Mac</li> <li>• Follow Fannie Mae for all others</li> </ul>

## 5.5 Credit History: Using Credit Scores (06/15/15)

Genworth requires there be an evaluation of the borrower's entire credit history to ascertain the borrower's willingness to repay obligations. Some circumstances may warrant obtaining additional credit references to make this determination and to substantiate the loan decision.

**Note:** Refer to Section 1.6 for Simply Underwrite.

Using Credit Scores	
<b>Credit Report</b>	<ul style="list-style-type: none"> <li>• A Residential Mortgage Credit Report (RMCR) or an in-file credit report               <ul style="list-style-type: none"> <li>• Credit data should be requested for each borrower from a minimum of two (2) repositories; three (3) repositories are preferred</li> <li>• Credit repositories include Equifax, Experian and TransUnion</li> </ul> </li> </ul>
<b>Tradelines / Credit References</b>	<ul style="list-style-type: none"> <li>• Minimum of three (3) tradelines / credit references, open or closed, that have been evaluated at least 12 months               <ul style="list-style-type: none"> <li>• Credit references may be a combination of tradelines, traditional or nontraditional credit</li> <li>• Authorized user tradelines may be used to count towards the minimum tradeline requirement if:                   <ul style="list-style-type: none"> <li>• The owner of the account is another borrower on the mortgage, or</li> <li>• The account belongs to the borrower's spouse, or</li> <li>• The borrower has been the sole payer on the account for the last 12 months and can document those payments</li> </ul> </li> </ul> </li> <li>• Credit scores not supported by the minimum number of credit references or do not meet the history requirement are not considered valid</li> <li>• At least one borrower on the loan must have a valid credit score. If not, submit the loan to Genworth for underwriting. The Nontraditional Credit guidelines in Section 5.7 will apply.</li> </ul>

Using Credit Scores																		
<b>Selecting the Borrower Credit Score</b>	<b>If...</b>	<b>Borrower Credit Score is...</b>																
	Three (3) scores are obtained	Use the middle score																
	Three (3) scores are obtained and two are identical	Use the identical score																
	Two (2) scores are obtained	Use the lower score																
No scores are obtained or insufficient credit references or credit history	No Score																	
<b>Selecting the Representative Credit Score</b>	<b>If...</b>	<b>Representative Credit Score is...</b>																
	One or more borrowers, each with a Borrower Credit Score	Choose the lowest of all the Borrower Credit Scores, as determined above, but typically the lowest middle score (Example 1)																
	One or more borrowers, each without a valid credit score (No Score)	<ul style="list-style-type: none"> <li>Nontraditional Credit guidelines in Section 5.7 will apply</li> <li>Submit to Genworth for underwrite</li> </ul>																
	Multiple borrowers, at least one with a Borrower Credit Score and at least one without a Borrower Credit Score	Choose the lowest of all the Borrower Credit Scores (Example 2) <ul style="list-style-type: none"> <li>At least one borrower must have a valid credit score</li> </ul>																
<b>Example 1:</b>																		
<table border="1"> <thead> <tr> <th></th> <th colspan="3">Credit Scores</th> </tr> </thead> <tbody> <tr> <td>Borrower 1</td> <td>690</td> <td>700</td> <td>710</td> </tr> <tr> <td>Borrower 2</td> <td>675</td> <td>680</td> <td>690</td> </tr> </tbody> </table>				Credit Scores			Borrower 1	690	700	710	Borrower 2	675	680	690				
	Credit Scores																	
Borrower 1	690	700	710															
Borrower 2	675	680	690															
The Representative Score is 680, as it is the lower of the two middle scores.																		
<b>Example 2:</b>																		
<table border="1"> <thead> <tr> <th></th> <th colspan="3">Credit Scores</th> </tr> </thead> <tbody> <tr> <td>Borrower 1</td> <td>No score</td> <td>No score</td> <td>No score</td> </tr> <tr> <td>Borrower 2</td> <td>675</td> <td>715</td> <td>725</td> </tr> <tr> <td>Borrower 3</td> <td>690</td> <td>700</td> <td>710</td> </tr> </tbody> </table>				Credit Scores			Borrower 1	No score	No score	No score	Borrower 2	675	715	725	Borrower 3	690	700	710
	Credit Scores																	
Borrower 1	No score	No score	No score															
Borrower 2	675	715	725															
Borrower 3	690	700	710															
The Representative Score is 700, as it is the lowest middle score of all valid Borrower Credit Scores.																		
<b>Inaccurate Credit File</b>	Follow GSE standard guidelines for treatment of inaccurate credit file information																	
<b>Adverse History</b>	<p>Adverse credit may indicate the degree of a borrower's ability and willingness to repay their mortgage. When a borrower has adverse credit, an assessment should be made to determine whether the reasons causing the adverse credit are reasonable, have been corrected or are likely to re-occur. Borrowers with occasional and/or isolated incidences of adverse credit should have a sufficient number of other accounts that demonstrate their willingness and ability to meet debt obligations in a timely manner.</p> <p>In evaluating the loan, adverse history should be evaluated in terms of the loan's LTV, the borrower's verified assets and the strength of the subject collateral as well as other risk factors involved in the loan.</p>																	
<b>Mortgage &amp; Rental Payment History</b>	<ul style="list-style-type: none"> <li>A current status</li> <li>No more than 0x30 in the last twelve (12) months</li> <li>No more than 1 x 30 or 0 x 60 in last 24 months</li> </ul>																	
<b>Installment Credit History</b>	<ul style="list-style-type: none"> <li>A current status</li> <li>Generally, accounted for in the credit score with:               <ul style="list-style-type: none"> <li>No more than 1 x 30 in the last twelve (12) months</li> </ul> </li> </ul>																	



Using Credit Scores	
	<ul style="list-style-type: none"> <li>No more than 2 x 30 and 1 x 60 in last 24 months</li> </ul>
<b>Revolving Credit History</b>	<ul style="list-style-type: none"> <li>A current status</li> <li>Generally, accounted for in the credit score with: <ul style="list-style-type: none"> <li>No more than 2 x 30 in the last twelve (12) months</li> <li>No more than 2 x 30 and 1 x 60 in the last 24 months</li> </ul> </li> </ul>
<b>Bankruptcy</b>	Follow GSE standard guidelines
<b>Foreclosure</b>	Follow GSE standard guidelines
<b>Deed-In-Lieu of Foreclosure &amp; Preforeclosure (Short) Sale</b>	Follow GSE standard guidelines
<b>Charge-Off Accounts – Mortgage Debt</b>	Follow GSE standard guidelines
<b>Public Derogatories</b>	Follow GSE standard guidelines
<b>Re-established Credit</b>	Follow GSE standard guidelines
<b>Underwriting Notes</b>	<p>File data should be consistent with information in the credit report and the credit score factor codes should not indicate recent high risk activity, such as:</p> <ul style="list-style-type: none"> <li>Multiple newly opened accounts,</li> <li>Unrelated credit inquiries, or</li> <li>Any recently delinquent accounts, especially 60-day or 90-day late payments</li> </ul> <p>Follow GSE standard guidelines regarding documentation of the above items.</p>

5.6 This section has been removed (02/17/15)  
Using Traditional Credit has been incorporated into Section 5.5

### 5.7 Credit Underwriting: Using Nontraditional Credit (01/01/17)

Nontraditional Credit guidelines apply when no borrower on the loan has a valid Borrower Credit Score due to:

- No credit score was obtained from any credit reporting agency due to the absence of credit information, or
- Unable to meet minimum credit references or credit history to support the credit score(s) obtained

The following guidelines apply for loans with nontraditional credit:

- Genworth underwrite required
- Primary residence, purchase transactions (refinances on a case-by case basis)
- 1 unit with a maximum 95%/105% LTV/CLTV
- Maximum \$424,100 loan amount, AK & HI \$636,150
- Maximum 41% DTI
- Follow GSE standard guidelines for documenting a nontraditional credit history
- Ineligible:** construction-to-permanent, manufactured housing, second homes and investment property

**Note:** Higher pricing will be applied to loans following Nontraditional Credit Guidelines.

### 5.8 Collections, Judgments or Liens (01/01/17)

Collections, charge offs, judgments, liens and payment plans for federal and state tax liens must be paid in full prior to closing, especially any debt affecting title. However, we will allow collections and charge offs to remain open to the following maximums:

- Up to \$250 per account, and
- Up to \$1,000 in the aggregate

Collections in connection to an unforeseen expense should not be viewed as adverse provided that it has been paid in full or a repayment plan has been established and has been paid as agreed for the last twelve (12) months.

For construction-to-permanent loans, if coverage is activated upon completion of construction, all liens affecting title must be satisfied prior to activation of coverage.

## 5.9 Consumer Credit Counseling (01/02/07)

Some borrowers seek assistance of consumer credit counseling agencies to restructure debts and establish an affordable repayment plan. At the conclusion of credit counseling, the borrower should have:

- Re-established credit of a minimum of three (3) accounts, one housing related, with twelve (12) months history, and no late payments

## 5.10 Pending Lawsuits (11/01/05)

Borrowers who have pending lawsuits may be eligible if they can provide evidence of sufficient malpractice insurance, other means to cover the estimated amount of the potential liability, or a letter from an attorney stating the borrower has no financial liability.

## 5.11 Previously Paid Claim (06/15/15)

Genworth will insure a loan for a borrower(s) on whom we have previously paid a claim subject to GSE foreclosure, deed-in-lieu of foreclosure and pre-foreclosure (short) sale requirements and timeframes.

## 5.12 Assets and Liabilities (07/11/16)

Genworth will accept the following GSE standard underwriting guidelines for asset and liability assessment. Our policy is to:

- 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' 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

### 5.12.1 Source of Funds (01/01/17)

**The sources of funds below are eligible as the borrower's own funds for purposes of meeting the borrower's minimum requirement for downpayment, closing costs, financing costs and/or prepaids.**

<b>Borrower's Own Funds</b>	Eligible and documented according to GSE standard underwriting guidelines: <ul style="list-style-type: none"> <li>• Checking and Savings Accounts</li> <li>• Deposits on Sales Contract</li> <li>• Cash on hand (Affordable Housing only)</li> <li>• Stocks, Bonds, Mutual Funds (follow Fannie Mae for all others)</li> <li>• Retirement Accounts (follow Fannie Mae for all others)</li> <li>• Sales proceeds from a currently owned home</li> <li>• Borrowed Funds, secured by an asset owned by the borrower</li> <li>• Bridge loans</li> <li>• Rent with Option to Purchase</li> <li>• Sale of Personal Assets</li> <li>• Individual Development Accounts</li> </ul>
<b>Gift Funds Grant Funds Employer Assistance</b>	Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if: <ul style="list-style-type: none"> <li>• Primary, purchase, 1 unit, <math>\leq</math> \$424,100 or \$636,150 in AK &amp; HI</li> <li>• Credit score <math>\geq</math> 660 and DTI <math>\leq</math> 36% or <math>\geq</math> 680 and DTI <math>\leq</math> 45%</li> <li>• Fixed rate/fixed payment or ARM <math>\geq</math> 5 years</li> <li>• No subordinate financing resulting in monthly payment obligations</li> </ul> <p><b>Note:</b> Delegated loans utilizing gifts to meet the borrower's minimum contribution must be submitted via our website (Order and Edit System) or select LOS connections. Refer to the Appendix for a complete list of eligible LOS connections.</p> <p><b><u>Gift Funds</u></b></p> <ul style="list-style-type: none"> <li>• Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity</li> </ul> <p><b><u>Grant Funds</u></b></p> <ul style="list-style-type: none"> <li>• Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities</li> <li>• Grant funds cannot require monthly payment obligations</li> </ul>

	<ul style="list-style-type: none"> <li>• A grant, including those with deferred payments or forgiveness, with a repayment obligation of any kind or that results in a recorded lien against the property is considered subordinate financing and subject to our CLTV maximums</li> <li>• Down payment assistance programs utilizing a deed restriction or a means other than a recorded lien; i.e. a retention agreement, to enforce repayment terms may be treated as grants with no requirement for a CLTV calculation</li> </ul> <p><b><u>Employer Assistance</u></b></p> <ul style="list-style-type: none"> <li>• Follow GSE standard underwriting guidelines and documentation for employer assistance</li> </ul>
<b>The sources of funds below are eligible sources of funds for downpayment, closing costs, financing costs and/or prepaids AFTER the borrower's required minimum has been met.</b>	
<b>Credit Card Financing</b>	Follow GSE standard underwriting guidelines and documentation for credit card financing

### 5.12.2 Repayment of Debts (05/15/17)

Follow GSE standard underwriting guidelines and documentation for:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Alimony and Child Support</li> <li>• Bridge Loans</li> <li>• Contingent Liabilities</li> <li>• Debts Paid by Others</li> <li>• Garnishments</li> <li>• Installment Debt</li> <li>• Real Estate Debt</li> <li>• Revolving Debt</li> <li>• Lines of Credit</li> <li>• Deferred Installment Debt (non-student loan)</li> </ul> | <ul style="list-style-type: none"> <li>• Subject Property Payment</li> <li>• Subordinate Financing</li> <li>• Undisclosed Debt</li> <li>• Trade Equity, per Fannie Mae guidelines</li> <li>• Trust Accounts</li> <li>• 401-K as Debt</li> <li>• 1031 Exchange</li> <li>• 30 Day Charge Accounts</li> <li>• Satisfaction of Debt to Qualify</li> <li>• Student loans, refer to notes below</li> </ul> |
|--|--|

#### Notes:

- **Deferred student loans** must use the greater of 1% of the outstanding balance or the actual verified monthly payment in calculating the DTI. Estimated payments are not allowed.
  - If the actual documented payment is less than 1% of the outstanding balance and it will fully amortize the loan with no payment adjustments, the lender may use the lower, fully-amortizing monthly payment to qualify the borrower.
  - The following exception applies for Genworth's Medical Professional Program: Student loan debt may be excluded from the DTI calculation with documentation to evidence deferment for at least 12 months. Refer to Section 7.6 for complete details of this program.
- **Student loans in repayment**, including those utilizing Income Based Repayment (IBR) type plans, may utilize the documented student loan payment from the student loan provider for qualification purposes.

### 5.12.3 Borrower's Minimum Contribution and Reserves (05/15/17)

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

The minimum borrower contribution and reserve requirements for Affordable Housing and HFA loans are found in Section 7.2.

**Note:** References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at [FHFA Loan Limits](#).

Occupancy	Borrower Minimum Contribution <sup>1,2,3</sup>	Reserves <sup>3</sup>
<b>Primary Residence: 1 Unit, Purchase</b>	<ul style="list-style-type: none"> <li>• ≤ \$650,000: 3%</li> <li>• \$650,001 - \$850,000: 5%</li> <li>• \$850,001 - \$1,000,000: 10%</li> </ul>	<ul style="list-style-type: none"> <li>• ≤ \$650,000 or FHFA in HI: 2 months</li> <li>• \$650,001 or &gt; FHFA in HI - \$850,000: 6 months</li> <li>• \$850,001 - \$1,000,000: 9 months</li> </ul>
<b>Primary Residence: 1 Unit, Rate/Term Refinance</b>	NA	<ul style="list-style-type: none"> <li>• ≤ \$424,100: 0 months</li> <li>• \$424,101 - \$650,000 or FHFA in HI: 2 months</li> </ul>

Occupancy	Borrower Minimum Contribution <sup>1,2,3</sup>	Reserves <sup>3</sup>
		<ul style="list-style-type: none"> <li>\$650,001 or &gt; FHFA in HI - \$850,000: 6 months</li> <li>\$850,001 - \$1,000,000: 9 months</li> </ul>
<b>Primary Residence: Cash-out Refinance</b>	NA	0 months
<b>Primary Residence: 2 - 4 Units</b>	5%	<u>Rental income is used to qualify</u> <ul style="list-style-type: none"> <li>6 months</li> </ul> <u>Rental income is not used to qualify</u> <ul style="list-style-type: none"> <li>Purchase: 2 months</li> <li>Refinance: 0 months</li> </ul>
<b>Second Homes</b>	5%	<ul style="list-style-type: none"> <li>≤ \$424,100: 2 months</li> <li>&gt; \$424,100: 6 months</li> </ul>
<b>Investment Property</b>	15%	6 months

<sup>1</sup> From borrower's own funds as defined in Section 5.12.1

<sup>2</sup> Refer to Section 6.10 Manufactured Housing guidelines.

<sup>3</sup> Refer to Section 7.5 Construction-to-Permanent guidelines.

#### 5.12.4 Builder/Seller Contributions (02/17/15)

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

Occupancy	LTV/CLTV	Max Contribution
<b>Primary Residence</b>	90.01 – 97%	3%
	90%	6%
<b>Second Homes</b>	90%	6%
<b>Investment Property</b>	85%	2%

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.

**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.*

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.

5.12.5 This section has been removed. (11/02/15)

5.12.6 This section has been removed. (11/02/15)

#### 5.12.7 IRS Refunds

Refund checks from either the IRS or a State Revenue Department are acceptable sources of funds. Satisfactory documentation includes:

- Copies of the refund check
- Proof of increase in deposit accounts
- Copies of borrower's federal/state income tax returns

#### 5.12.8 Ineligible Assets

- Repayment of debt from family or friends
- Shared equity

#### 5.12.9 Pooled Savings as Debt

Payments on loans against a pooled savings debt will not be considered as a debt when determining qualifying ratios.

### 5.12.10 Asset Documentation (07/11/16)

This excerpt from Section 3 Documentation Requirements highlights our documentation requirements for assets. Refer to Section 3 for a complete discussion of Loan File documentation. Our underwriters may request additional documentation to supplement the GSE's minimums to support the underwriting decision.

Documentation	DU Approve or Loan Product Advisor Accept	All other Manually Underwritten Loans
<b>Assets</b>	Follow GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
<b>Documentation Age</b>	Follow GSE AUS requirements	<ul style="list-style-type: none"> <li>• Follow Freddie Mac if Freddie Mac</li> <li>• Follow Fannie Mae for all others</li> </ul>

### 5.13 Employment and Income (06/15/15)

The borrower's ability to repay the mortgage debt in a timely fashion is a major underwriting criterion. Like collateral value and credit, the borrower's income and employment history play an important role in determining if the loan is an insurable risk for Genworth.

Although Genworth values stability of income more than stability of employment, to consider income or employment to be stable, two (2) years of receipt should be documented. If less than two (2) years are documented, we require that the borrower's income 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)

#### 5.13.1 Self-employed Income

We require all self-employed income and cash flow to be underwritten to GSE standard guidelines and documentation.

#### 5.13.2 Salaried or Other Income (11/02/15)

For borrowers that are salaried or otherwise not self-employed, Genworth accepts income calculations as defined by GSE standard underwriting guidelines for the following sources of income as long as there is a documented history of receipt and such income is likely to continue for at least three (3) years as may be applicable:

- Automobile Allowances
- Alimony and Child Support
- Boarder Income
- Bonus Income
- Commission Income
- Foster Care Income
- Interest and Dividends
- Military Income
- Mortgage Interest Differential Payments
- Non-taxable Income
- Homeownership Voucher Program (Section 8 Income)
- Mortgage Credit Certificates
- Notes Receivable
- Overtime
- Part Time or Second Job Income
- Rental Income from Investment Property
- Rental Income for Primary 2 - 4 Unit Properties
- Retirement Income
- Social Security Benefits
- Tip Income
- Trust Income
- Unemployment Benefits
- VA Benefits
- Welfare Benefits

Other types of income such as disability, pension income and other incomes not listed may be eligible as long as they can be properly verified and analyzed to determine stability.

#### 5.13.3 New Employment Income and Compensation Increases (11/02/15)

Follow GSE standard guidelines when the borrower has been employed for less than two years and was previously attending school or a training program. The underwriter should relate the borrower's education/training to future income potential, employment opportunities and employment stability.

Instead of a first paystub, new employment can be documented with a fully executed employment contract/offer letter that provides the start date and salary. The start date must be within 90 days of closing.

Compensation increases may be utilized for qualification purposes if fully documented by the employer and the date of increase is within 90 days of closing.

#### **5.13.4 Employment Gap**

GSE standard documentation is acceptable.

#### **5.13.5 Foreign Income**

Income may be earned in the U.S. or a foreign country and may be paid in U.S. or foreign currency. Qualification ratios using foreign income will be determined by utilizing 75% of the current exchange rate to compensate for potential currency fluctuation.

#### **5.13.6 Deferred Income**

Deferred income not presently available may not be used to qualify borrowers.

#### **5.13.7 Education Benefits**

Education or scholarship benefits are not acceptable as effective income because educational expenses offset the benefits.

#### **5.13.8 Trailing Co-Borrower Income (09/01/09)**

Trailing co-borrower income may not be used as qualifying income.

#### **5.13.9 Non-Occupant Co-Borrowers (03/28/16)**

For loans where there is a non-occupying co-borrower, the following parameters apply:

- Maximum 95% LTV
- Primary residence only
- Non-occupying co-borrower must not be an interested party to the transaction and sign the note and deed of trust
- Occupying borrower must demonstrate reasonable capacity and willingness to make mortgage payments. Transactions where occupying borrower(s) do not contribute qualifying income are considered investment property, except in the case where children are purchasing a primary residence for a parent who is unable to qualify (see Section 5.2.1).
- The occupying borrower's DTI must meet our ratio requirements

#### **5.13.10 Temporary Leave Income (05/14/12)**

Follow Fannie Mae or Freddie Mac's guidelines for qualifying borrowers on temporary leave from current employment. Use of assets as supplemental income for qualification is permitted with a Genworth underwrite.

#### **5.13.11 Employment and Income Documentation (07/11/16)**

This excerpt from Section 3 Documentation Requirements highlights our documentation requirements for income and employment. Refer to Section 3 for a complete discussion of Loan File documentation. Our underwriters may request additional documentation to supplement the GSE's minimums to support the underwriting decision.

Documentation	DU Approve or Loan Product Advisor Accept	All other Manually Underwritten Loans
<b>Employment &amp; Income</b>	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
<b>IRS Form 4506-T, 8821 or 4506</b>	Follow the GSE AUS requirements	<ul style="list-style-type: none"> <li>• Follow Freddie Mac if Freddie Mac</li> <li>• Follow Fannie Mae for all others</li> </ul> <p><b>Note:</b> For Genworth underwritten loans, a condition for the signed tax returns/transcripts may be placed on the Commitment/Certificate of Insurance. You are not required to submit the signed documentation to us prior to certification; however, the documentation must be retained in the Loan File after it has been obtained and must match the unsigned tax returns/transcripts used for underwriting.</p>
<b>Verbal VOE</b>	Follow the GSE AUS requirements	<p>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><b>Note:</b> For Genworth underwritten loans, a condition for the verbal VOE may be placed on the Commitment/Certificate of Insurance. You are not required to submit the verbal VOE to us prior to certification; however, the document must be placed in the Loan File after it has been obtained.</p>
<b>Documentation Age</b>	Follow the GSE AUS requirements	<ul style="list-style-type: none"> <li>• Follow Freddie Mac if Freddie Mac</li> <li>• Follow Fannie Mae for all others</li> </ul>

## 6 Standard Guidelines for Property and Appraisals

The guidelines in this chapter apply (1) to Simply Underwrite, when as noted in Section 1.6, and (2) to all loans that do not meet Simply Underwrite eligibility requirements.

### 6.1 Ownership (01/27/13)

Genworth will accept loans with the following forms of ownership under GSE standard guidelines:

- Fee Simple estate
- Leasehold Estates

### 6.2 Eligible Property Types (10/01/14)

Genworth will provide mortgage insurance coverage for the following property types

- Single family, detached
- Condominiums, detached and attached
- PUDs, detached and attached (townhomes, row homes, patio homes)
- 2 – 4 units
- Cooperative units
- Modular and Panelized Factory Built Housing
- Manufactured Housing (Doublewide design or greater)

#### 6.2.1 Energy-Efficient Properties (06/15/15)

Genworth does not grant ratio exceptions in excess of our standard DTI maximums due to a property's energy efficiency or energy efficient items. Variances for adjustments to income for anticipated energy savings are also not allowed.

#### 6.2.2 Mixed Use Properties (10/01/14)

Mixed-use properties must meet the following requirements:

- A one-family dwelling unit that the borrower occupies as a principal residence
- A legal, permissible use of the property under local zoning requirements
- The property contains only one non-residential use
- The borrower is both the owner and operator of the business

### 6.3 Ineligible Properties (03/28/16)

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

Loans for the following property types may be submitted for a Genworth Underwrite and consideration on a case-by-case basis.

- Earth, dome and geothermal properties
- Atypical/unique properties

### 6.4 Geographic Guidelines (11/02/15)

State	Restrictions
New York	For cooperative purchase transactions, ineligible if the loan amount ÷ sales price is < 80%. Refer to Section 4.3 for additional details.
	For all other properties, ineligible if the loan amount ÷ appraised value is < 80%
Puerto Rico, Guam and Virgin Islands	Ineligible



## 6.5 Detached PUDs and Detached Condominiums (09/16/13)

**Note:** Refer to Section 1.6 for Simply Underwrite project guidelines.

### 6.5.1 Detached PUDs and Detached Condominiums LTV/Loan Limits and Guidelines

Apply Detached PUD and Detached Condominium guidelines as follows:

#### 6.5.2 Detached PUDs

A detached PUD has the following characteristics:

- Mandatory HOA which manages the project
- HOA owns and maintains the common areas
- Owners holds title to the lot and improvements

#### 6.5.3 Detached (Site) Condominiums

A detached (site) condominium has the following characteristics:

- Sites are divided and recorded by condominium documents rather than a plat
- Buyers receive a warranty deed for their property
- Owners within the community own, with the other owners, the common areas
- Owners are responsible for the maintenance of their own properties and landscape
- Mandatory homeowners association (HOA) which manages the project

The appraisal report should include an addendum describing the project and the specific ownership characteristics/rights of the subject property and state that comparable sales have been used from similar projects. It should be clear in the report that the subject property's owner owns the entire dwelling and the entire lot as well as the airspace/ground space above and below the subject property.

Refer to Sections 4.1, 7.2 and 7.5 for LTV and Loan Limits.

## 6.6 Attached PUDs and Attached Condominiums (10/01/14)

**Note:** Refer to Section 1.6 for Simply Underwrite project guidelines.

### 6.6.1 Attached Condominiums and Attached PUDs Guidelines

Attached Condominium and Attached PUD guidelines as follows:

#### 6.6.2 Attached PUD Unit

An attached PUD unit (townhomes, row homes, patio homes) in a PUD has the following characteristics:

- Located in a project or subdivision which includes common areas
- Mandatory HOA which manages the project
- HOA owns and maintains the common areas
- Owners hold title to the lot and improvements

6.6.3 This section has been removed (10/01/14)

#### 6.6.4 Attached Condominiums

An attached condominium has the following characteristics:

- Units that are individually owned and the common areas, such as hallways and recreational facilities, are jointly owned (usually as "tenants in common") by all the unit owners in the building
- A homeowners association that manages the project

Refer to Sections 4.1, 7.2 and 7.5 for LTV and Loan Limits.

### 6.6.5 Condominium Project Review Types (11/02/15)

The lender is required to retain all documentation supporting the warranty that the project meets Fannie Mae or Freddie Mac eligibility criteria. For all project types, including any project review type not listed in the Section 6.6.5 table, the guidelines in Section 6.7 apply.

Property Type	Project Review Type	Requirements
		<b>Fannie Mae</b>
<b>Attached PUD</b>	<b>None Required</b>	The 1008 marked with a Fannie Mae project review type code of "E" or "F" will serve as the lender's rep & warrant that the project meets Fannie Mae's requirements for Lender Full Review. The PUD information section of the appraisal should also be completed correctly and consistently with the project type
<b>Attached Condominium</b>	<ul style="list-style-type: none"> <li><b>PERS Final Approval</b></li> <li><b>CPM</b></li> </ul>	Loan File must include documentation of the PERS project approval (project review type code of "T") or CPM project approval (project review type code of "R" or "S")
	<ul style="list-style-type: none"> <li><b>Lender Full Review: New &amp; Established Condo Projects (Projects consisting of more than 4 units)</b></li> <li><b>Lender Full Review: Two – to Four-Unit Projects</b></li> <li><b>Limited Review</b></li> </ul>	<ul style="list-style-type: none"> <li>The 1008 marked with a Fannie Mae project review type code of "R" or "S" will serve as the lender's rep &amp; warrant that the project meets Fannie Mae's requirements for Lender Full Review</li> <li>The 1008 marked with a Fannie Mae project review type code of "P" or "Q" will serve as the lender's rep &amp; warrant that the project meets Fannie Mae's requirements for Limited Review</li> </ul>
	<b>Project Eligibility Waivers (PEW)</b>	<ul style="list-style-type: none"> <li>Fannie Mae approved project eligibility waivers will be considered on a loan-by-loan basis and require a Genworth underwrite</li> <li>Follow Section 6.7 guidelines</li> </ul>
		<b>Freddie Mac</b>
	<b>Streamlined Review</b>	The 1008 marked with a Freddie Mac Project Classification of Streamlined Review will serve as the lender's rep and warrant that the project meets Freddie Mac's requirements for Streamlined Review.
	<b>New &amp; Established Projects</b>	The 1008 marked with a Freddie Mac Project Classification of New or Established will serve as the lender's rep and warrant that the project meets Freddie Mac's requirements for New and Established projects.
	<b>Two-to-Four Unit Projects</b>	The 1008 marked with a Freddie Mac Project Classification of 2 – 4 unit project will serve as the lender's rep and warrant that the project meets Freddie Mac's requirements for 2 – 4 unit projects.

## 6.7 Attached Condominium Eligibility Requirements (06/15/15)

### 6.7.1 Attached Condominium Eligibility Requirements

The following guidelines are applicable to attached condominiums:

- Project must be warrantable according to GSE general warranty requirements
- Project must meet the applicable GSE general project requirements
- Project must not be an ineligible project according to GSE standard guidelines
- Lender makes the applicable GSE project warranties and documents the project acceptance according to GSE guidelines
- Lender has no knowledge of any negative circumstances affecting project eligibility

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

### 6.7.2 Leasehold Condominiums

A leasehold condominium is acceptable according to the guidelines in Section 6.7.1 (as applicable) and the following are met:

- The leasehold should be typical to the area and market-accepted. The appraiser should state this in the appraisal report
- Comparable sales should have the same type of ownership, properly reflecting market value, marketability and market acceptance
- The comparable sales should be leasehold and have similar lease terms
- The term of the leasehold should extend out past the term of the loan. This may vary depending upon investor requirements

6.7.3 This section has been removed (10/01/14)

### 6.8 Project Concentration (05/02/11)

Genworth's maximum exposure in a project is generally limited to of 33% of the units within a condominium project. Additional units will be considered on a case-by-case basis.

### 6.9 Cooperative Units Eligibility (03/28/16)

#### 6.9.1 Cooperative Properties Endorsement

The Cooperative Properties Endorsement is posted on our Master Policy Resource Center located at [mi.genworth.com](http://mi.genworth.com).

#### 6.9.2 Fannie Mae Lender Full Review for Co-op Projects

A cooperative unit must meet Fannie Mae's Lender Full Review and co-op property requirements. The lender must make the applicable Fannie Mae project warranties and document the project's acceptance per Fannie Mae's requirements. Fannie Mae's published list of eligible states for coops are listed in the Acceptable Locations section below and are eligible for our MI.

#### 6.9.3 Other Co-op Project Eligibility Requirements (07/11/16)

Our co-op requirements are listed below. For items not addressed, Fannie Mae's co-op requirements apply.

Cooperative Units Eligibility Requirements	
<b>Acceptable Locations</b>	The cooperative unit must be located in an area where this form of ownership has demonstrated market acceptance. We align with Fannie Mae for acceptable locations and will insure coops in the states below; coops in other markets are not eligible. Acceptable locations are: <ul style="list-style-type: none"> <li>• Alaska</li> <li>• California</li> <li>• Connecticut</li> <li>• Florida</li> <li>• Illinois</li> <li>• Indiana</li> <li>• Maryland</li> <li>• Massachusetts</li> <li>• Michigan</li> <li>• Minnesota</li> <li>• New Jersey</li> <li>• New York</li> <li>• Pennsylvania</li> <li>• Washington</li> <li>• Virginia</li> <li>• District of Columbia</li> </ul>
<b>Ineligible Projects</b>	The project must not be an ineligible project according to GSE standard guidelines
<b>Minimum Square Footage</b>	Genworth does not have a minimum square footage requirement. All properties, regardless of size, must be supported with comparables of similar size and sales price
<b>Units</b>	Project must consist of at least 2 units
<b>Presale Requirements</b>	Minimum 50%. Developer/sponsor held coops are included in the count of total number of units when calculating presale requirements.
	Maximum 30% investor concentration. Developer/sponsor held coops are

Cooperative Units Eligibility Requirements	
<b>Investor Concentration</b>	included in the count of total number of units when calculating investor concentration.
<b>Delinquency</b>	No more than 15% can be delinquent more than 60 days
<b>Pro-Rata Share of Project Mortgage</b>	The pro-rata share of the underlying mortgage that is related to the co-op share loan must be 35% or less of the pro-rata share of the underlying mortgage divided by the lesser of the purchase price or appraised value plus unit's share of the underlying mortgage
<b>Commercial Space</b>	Limited to no more than 25% of the project's square footage
<b>Comparables</b>	<ul style="list-style-type: none"> <li>Existing projects greater than two (2) years old: Two (2) comparables from within the project are required where possible as well as one (1) from outside the project</li> <li>New conversions and new construction: Two (2) comparables from outside the project are required as well as one (1) from inside the project</li> </ul>
<b>Flip Tax</b>	If a flip tax is imposed, the amount of the flip tax must be less than or equal to 5% of the value of the property (calculated as the lesser of appraised value or sales price)
<b>Blanket Mortgage</b>	<ul style="list-style-type: none"> <li>New projects must have a remaining loan term of at least 5 years on the blanket mortgage</li> <li>Existing projects must have a minimum remaining term of at least 3 years on the blanket mortgage</li> </ul>

## 6.10 Manufactured Housing (01/01/17)

Manufactured housing must meet GSE standard guidelines with the following additional requirements:

Manufactured Housing Requirements	
<b>Loan Types</b>	<ul style="list-style-type: none"> <li>Fixed rate, fixed payment</li> <li>Positively amortizing ARMs with initial term <math>\geq</math> 3 yrs</li> </ul>
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>1 unit: Minimum 3% from borrower's own funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if: <ul style="list-style-type: none"> <li>Primary, purchase, <math>\leq</math> \$424,100 or \$636,150 in AK &amp; HI</li> <li>Credit score <math>\geq</math> 660 and DTI <math>\leq</math> 36% or <math>\geq</math> 680 and DTI <math>\leq</math> 45%</li> <li>Fixed rate/fixed payment or ARM <math>\geq</math> 5 years</li> <li>No subordinate financing resulting in monthly payment obligations</li> </ul> </li> <li>Second Home: Minimum 5% from borrower's own funds. Minimum borrower contribution from own funds must be met before other acceptable sources of funds are permitted</li> </ul> <p><b>Note:</b> Delegated loans utilizing gift funds to meet the borrower's minimum contribution must be submitted via our website (Order and Edit System) or select Loan Origination System (LOS) connections. Refer to the Appendix for a complete list of eligible LOS connections.</p>

<b>Manufactured Housing Requirements</b>	
<b>Minimum Property Requirements</b>	<p>Loans must meet GSE standard guidelines for manufactured housing, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Legally classified and assessed/taxed as real property and owned in fee simple. No leaseholds are permitted</li> <li>• Property and land must be financed under one mortgage</li> <li>• Property must meet state and local building codes</li> <li>• Must be permanently attached to a foundation that meets the manufacturer's requirements and state and local codes. Wheels, axles, and towing hitch must be removed</li> <li>• Must have permanent water and sewage systems</li> <li>• HUD Data Plate and HUD Certification Label must be present in the unit. A verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS) is an acceptable alternative when the HUD Data Plate and HUD Certification Label are not present.</li> <li>• The appraisal must be completed on Fannie Mae Form 1004C/Freddie Mac 70B</li> <li>• Manufactured homes with additions or structural modifications are acceptable only if a satisfactory inspection report is provided that certifies the addition or structural changes were completed in accordance with the HUD Manufactured Home Construction Safety Standards.</li> <li>• The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit</li> </ul> <p><b>In addition, we require:</b></p> <ul style="list-style-type: none"> <li>• Doublewide design or greater</li> <li>• Fifteen acres (15) or less: land value should not exceed 35% of the property's appraised value. Outbuildings or additional structures cannot contribute more than 5% to total value. See Section 6.12 for &gt; 15 acres.</li> </ul>
<b>Appraisal Considerations</b>	<ul style="list-style-type: none"> <li>• The unit must have the general appearance and functional utility of a conventional site built home</li> <li>• The appraisal must address local demand, marketability, and supply of manufactured housing in the area, as well as the quality of construction</li> <li>• The unit must not be atypical for the neighborhood</li> <li>• 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</li> <li>• The remaining economic life must be greater than the loan term but no less than 20 years</li> </ul>
<b>Ineligible</b>	Temporary buydowns, balloons, investment property, 2 – 4 units and renovation mortgages

### 6.11 Two Individual Residential Dwellings on One Lot (11/01/05)

We will review loans for underwriting that contain two (2) individual residential dwellings such as a unit above a detached garage, guest house or basement apartment if the following guidelines apply:

- Appraiser must address the impact to the value and marketability and the value must be supported
- The property and its improvements must constitute a legally permissible use of land
- The legal description must describe the property as one (1) parcel
- The property must be taxed as one (1) parcel
- No income from a second unit can be considered in the borrower qualifications
- The appraiser should provide at least one (1) comparable containing two (2) residential dwellings on one (1) lot
- Appraisers must comment and document that properties similar to the subject are typical and marketable for the area.

## 6.12 Acreage (01/01/17)

Genworth will insure properties up to 40 acres; the guidelines in this section apply to properties where the acreage exceeds 15 acres. Maximum acreage does not apply to Simply Underwrite loans.

Properties that are not residential in nature (working farms, orchards, ranches, etc.) are ineligible for MI regardless of the acreage.

Occupancy/Purpose	Property Type	Maximum LTV	Maximum Loan Amount
Primary Residence Purchase & Rate/Term Refinance	Single family, detached,	95%	\$650,000 or FHFA in HI
	Manufactured Housing	95%	\$424,100 AK & HI: \$636,150

- Maximum 40 acres
- Properties with multiple houses or multiple living units are prohibited
- Highest and best use must be residential single family
- Rate/Term refinances: Any Schedule F farm income must be less than \$2,500 gross per year from activities on the subject property
- No commercial agricultural land uses, such as livestock and field crops. Other traditional agricultural uses must be for reasonable individual purposes only and not for sale, co-op or any other non-individual personal use
- No commercial land use is permitted such as on-site businesses, repair shops, plant nursery, etc.
- The primary water source cannot be a stream, dug well or private pond
- Properties having a land to value ratio exceeding 70% are prohibited
- The subject, or any included parcel, must not have an agricultural tax abatement/reduction
- The appraisal report must include comps that bracket the subject's acreage, with at least one comp within 20% of subject's acreage
- Appraisal report must include an opinion of site value for the subject (point value) and must include summary support for the site value (i.e. a summary of comparable land sales or a summary of the extraction or allocation method)
- The site size must be typical for the area and readily marketable. Appraisal report must comment on whether the subject's acreage is typical for the area
- If multiple parcels are included on one appraisal report, the following requirements must be met:
  - Must be contiguous
  - Must have legal ingress/egress between the improved parcels
  - Must be on the same deed
  - None can have a separate highest and best use (excess land)
  - Appraisal report must include the rationale/justification for including multiple parcels
- Across-the-board adjustments in the same direction to all the comps for site or outbuilding/barns/other site improvements/living area/and any other valuable features must be supported by market data, which includes a summary of the supporting data and the analysis supporting the adjustments
- Appraiser must comment on whether the property is being used for agricultural purposes

6.13 This section has been removed (01/27/13)

## 6.14 Declining Property Values (05/02/11)

Properties located in neighborhoods experiencing declining values, an oversupply of homes for sale, and marketing times in excess of six (6) months represent a higher risk of loss of equity for the borrower. These properties require additional scrutiny of the appraisal, e.g. use of recent sales, sales and financing concessions.

Genworth monitors internal and external housing market data and may identify certain markets as Declining or Distressed Markets. There are no markets currently identified as Declining or Distressed.

## 6.15 Non-Arm's Length Transactions (01/02/07)

A non-arm's length transaction exists where there is a direct relationship, such as family members, close friends, employers, or employees, between the borrower and another party to the transaction. These other parties include, but are not limited to, the property seller, builder, broker, appraiser, closing agent, etc. Such transactions may not yield a fair or accurate market value.

If the subject property sale is between related parties or is otherwise not an arm's length transaction, such relationship should be disclosed and addressed on the appraisal. The underwriter should be careful to ensure that true and accurate value has been established.

### **6.16 Maximum Genworth Insured Properties (11/02/15)**

Genworth will insure a maximum of two properties per borrower, restricted by no more than one second home or one investment property per borrower.

### **6.17 Renovation Mortgages (07/11/16)**

Genworth will insure renovation loans 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.

#### **6.17.1 Renovation Programs**

We will insure GSE renovation mortgage programs, such as Fannie Mae Homestyle Renovation, according to published Fannie Mae Selling Guide or Freddie Mac Seller Guide guidelines and documentation with the following overlays:

- Genworth's guidelines apply to each loan. The requirements listed above are also applicable
- The borrower must be an individual; no corporations, not-for-profits, or agencies allowed
- The borrower may act as the contractor or provide repairs subject to GSE guidelines

#### **6.17.2 Energy Improvement Features**

Genworth will insure programs that are targeted to borrowers who are financing the costs of energy improvements for an existing property, such as Fannie Mae's Energy Improvement Features, according to published Fannie Mae Selling Guide guidelines and documentation, including:

- Genworth's guidelines apply to each loan. The requirements listed above are also applicable
- Financing the improvements for a purchase and rate/term refinance transaction, calculation of LTV and cash-back limitation to the borrower
- Maximum financed energy improvements is 15% of the as-completed appraised value of the property
- An energy report prepared by a Home Energy Rating Systems (HERS) energy rater
- Lender management of the escrow account and monitoring the completion of the work within 180 days of loan closing
- Documentation of the completion of the work by the appraiser

The following Genworth overlays apply:

- Sweat equity is not allowed, however, it is allowed if associated with a HomeReady loan.
- Investment property is ineligible

#### **6.17.3 Completion Escrows**

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.

### **6.18 Property Flipping (06/15/15)**

A property flip occurs when a recently purchased property is quickly resold for a profit by the seller. The short time frame between the acquisition and resale coupled with an increase in the property value are signs that a flip may have occurred.

- Property seller must be "owner of record" according to publicly available information and is supported by Loan File documentation
- No back-to-back, simultaneous closings, or double closings, or assignment of contract for sale

- Increases in the property value must be explained, documented and supported by a new appraisal. Improvements and renovations must be substantiated with receipts, contractor invoices, building permits and/or detailed information reflected by the appraiser/appraisal

The transactions below would not be considered flips. Sales of:

- A recently inherited property
- A property acquired through a divorce settlement
- A property acquired through an employer relocation program
- A property resold by a lender, servicer, or MI company that was acquired through foreclosure or deed-in-lieu

6.18.1 This section has been removed (10/01/14)

### 6.19 Appraisal Documentation and Age (06/15/15)

This excerpt from Section 3 Documentation Requirements highlights our documentation requirements for appraisals. Refer to Section 3 for a complete discussion of Loan File documentation. Our underwriters may request additional documentation to supplement the GSE minimums to support the underwriting decision.

Documentation	DU Approve or Loan Product Advisor Accept	All other Manually Underwritten Loans
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>All property evaluations must have an Interior/Exterior review (URAR)</li> <li>The appraisal form and applicable addenda, such as 1004MC/Form 71, must meet GSE requirements</li> <li>Use of automated valuation models (AVMs), PIWs, PIAs, desk reviews, or exterior only appraisals to obtain property values are ineligible</li> <li>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</li> </ul>	



## 7 Products Guidelines

### 7.1 Genworth-Insured Refinance Program (12/01/11)

The Genworth-Insured Refinance Program provides expanded underwriting guidelines for rate/term refinances of Genworth-insured mortgage loans.

The term “HARP” is used in our guidelines to encompass these Genworth-insured Fannie Mae and Freddie Mac Home Affordable Refinance programs:

- Fannie Mae Refi Plus™
- Fannie Mae DU Refi Plus
- Freddie Mac Relief Refinance<sup>SM</sup> – Same Servicer
- Freddie Mac Relief Refinance – Open Access

A loan is considered “GSE HARP-Eligible” if it is determined by the lender to be eligible for delivery through the GSE’s program.

Our program has three options, depending on GSE HARP-eligibility and the Commitment date of our original Commitment. The underwriting guidelines, documentation requirements and mortgage insurance parameters for each option are outlined in the referenced sections:

- GSE HARP-Eligible Refinance Option – see *Section 7.1.1*
- Non-GSE Refinance Option – see *Section 7.1.2*
- Genworth-Insured Streamlined Refinance Option – see *Section 7.1.3*

#### 7.1.1 GSE HARP-Eligible Refinance Option (01/01/17)

GSE HARP-Eligible Refinance	
<b>Option Description</b>	Guidelines are specific to GSE HARP Programs: <ul style="list-style-type: none"> <li>• Fannie Mae Refi Plus</li> <li>• Fannie Mae DU Refi Plus</li> <li>• Freddie Mac Relief Refi – Same Servicer</li> <li>• Freddie Mac Relief Refi – Open Access</li> </ul>
<b>Option Criteria</b>	<ul style="list-style-type: none"> <li>• Loan must be currently insured by Genworth</li> <li>• Both Same Servicer and New Servicers are eligible for this option</li> <li>• The lender must determine that the loan meets the all of the applicable HARP program requirements for Fannie Mae or Freddie Mac</li> <li>• Genworth’s original commitment was issued prior to or on May 31, 2009. The program end date is September 30, 2017.</li> </ul>
<b>Representations &amp; Warranties to Original Loan File for Genworth</b>	<ul style="list-style-type: none"> <li>• There are no reps &amp; warrants retained on the original Loan File</li> <li>• The insured represents and warrants that the GSE’s applicable HARP program requirements have been met for the new refinance</li> </ul>
<b>Genworth Replacement Commitment/Certificate</b>	<ul style="list-style-type: none"> <li>• Genworth will modify the existing certificate by issuing a replacement Commitment/Certificate of Insurance with a new certificate number</li> <li>• The premium rate (in basis points) of the existing certificate will be applied to the Replacement Commitment/Certificate of Insurance</li> <li>• The coverage percentage of the existing Certificate will be applied to the Replacement Commitment/Certificate of Insurance.</li> <li>• The Commitment term is 180 days</li> </ul>

<b>GSE HARP-Eligible Refinance</b>	
<b>Guidelines and Documentation</b>	<ul style="list-style-type: none"> <li>Follow the guidelines and documentation requirements of the GSE's applicable HARP program</li> <li>DU Refi Plus recommendations and Relief Refinance Mortgages – Open Access risk classifications must be underwritten according to the GSE's program requirements. A copy of the final DU or Loan Product Advisor report must be placed in the Loan File.</li> <li>To determine the property value, the lender can use any of the appraisal forms, inspection reports or means that are acceptable for the applicable HARP program for that specific loan. The lender must meet the GSE's applicable HARP program guidelines for property valuation/collateral assessment for the new refinance.</li> </ul>
<b>MI Ordering</b>	Follow the instructions on the GSE HARP-Eligible Refinance Form

### 7.1.2 Non-GSE Refinance Option (01/01/17)

<b>Non-GSE Refinance</b>	
<b>Option Description</b>	Guidelines are specific for rate/term refinances where Fannie Mae and Freddie Mac are not the investor on the original loan
<b>Option Criteria</b>	<ul style="list-style-type: none"> <li>Loan must be currently insured by Genworth</li> <li>Only Same Servicers are eligible for this option</li> <li>Genworth's original Commitment was issued prior to or on May 31, 2009. The program end date is September 30, 2017.</li> </ul>
<b>Representations &amp; Warranties to Original Loan File for Genworth</b>	There are no reps & warrants retained on the original Loan File
<b>Genworth Replacement Commitment/Certificate</b>	<ul style="list-style-type: none"> <li>Genworth will modify the existing Certificate by issuing a replacement Commitment/Certificate of Insurance with a new certificate number</li> <li>The premium rate (in basis points) of the existing Certificate will be applied to the Replacement Commitment/Certificate of Insurance</li> <li>The coverage percentage of the existing certificate will be applied to the Replacement Commitment/Certificate</li> <li>The Commitment term is 180 days</li> </ul>
<b>Borrower Benefit</b>	<ul style="list-style-type: none"> <li>Reduce the borrower's monthly P&amp;I payment</li> <li>Reduce the interest rate</li> <li>Replace an ARM with a fixed rate</li> <li>Reduce the amortization period</li> </ul>
<b>New Loan Amount</b>	<p>New loan amount may include the following:</p> <ul style="list-style-type: none"> <li>Payoff of existing first mortgage</li> <li>The lesser of 5% or \$5,000 in related closing costs, prepaids and escrows. For loan amounts &gt; \$424,100, it is the lesser of 5% or \$10,000</li> <li>Borrower may receive no more than \$250 cash back at closing</li> <li>All other sums in excess of this amount must be applied as a principal curtailment</li> </ul>
<b>Maximum LTV/CLTV</b>	No maximum LTV/CLTV
<b>Subordinate Financing (CLTV)</b>	<ul style="list-style-type: none"> <li>All existing subordinate financing must be re-subordinated and may not be paid off in the new transaction</li> <li>No new subordinate financing may be obtained</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>All original occupancies are eligible</li> <li>Occupancy changes are permitted</li> </ul>
<b>Property Type</b>	Same as original Property Type

<b>Non-GSE Refinance</b>	
<b>Loan Type</b>	<ul style="list-style-type: none"> <li>• Fixed rate fixed payment</li> <li>• Fully amortizing ARM: 5yr, 7yr, 10yr</li> </ul>
<b>Loan Term</b>	<ul style="list-style-type: none"> <li>• Max 40 year term</li> <li>• Loan term may only decrease from the original loan term</li> </ul>
<b>Minimum Credit Score</b>	No minimum
<b>Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• Mortgage is current</li> <li>• No delinquency in last 90 days</li> <li>• No more than 1 x 30 in last 12 months</li> </ul>
<b>Maximum DTI</b>	<ul style="list-style-type: none"> <li>• None</li> <li>• Borrowers are not required to re-qualify, however, the lender must determine that the borrower has a reasonable ability to repay his/her total debt obligations</li> </ul>
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• All borrowers on the new refinance must be the same as the borrowers on the original loan unless a divorce or death occurred</li> <li>• The Loan File should contain the documentation to explain the drop and show the remaining borrower has made the mortgage payments for 12 months since the drop</li> <li>• A borrower may be added provided the original borrower(s) remain on the loan</li> </ul>
<b>GSE AUS Result</b>	<p>Loans are not required to have a GSE AUS decision. If provided, the result must be:</p> <ul style="list-style-type: none"> <li>• DU Approve/Eligible, Refer with Caution and Ineligibles are also acceptable if the Feedback reason for the recommendation (example: LTV) meets our Non-GSE Refinance guidelines</li> <li>• Loan Product Advisor Accept Eligible. Caution A Minus Eligible or Caution Eligible are acceptable if it meets our Non-GSE Refinance guidelines</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• New 1003</li> <li>• New 1008</li> <li>• New credit report</li> <li>• Verbal VOE</li> <li>• Use income and asset amounts stated on the 1003</li> </ul>
<b>Appraisal</b>	<p>New appraisal report:</p> <ul style="list-style-type: none"> <li>• FNMA 1004 / FHLMC 70 for 1 unit properties</li> <li>• FNMA 2055/FHLMC 2055 if permitted by DU or Loan Product Advisor for the loan transaction</li> <li>• FNMA 1073 / FHLMC 465 for condo units</li> </ul>
<b>Property Valuation Representations &amp; Warranties to Genworth on New Loan</b>	<ul style="list-style-type: none"> <li>• Genworth will not require the lender to rep and warrant the property value or marketability of the new refinance</li> <li>• Genworth will require the lender to rep and warrant the condition of the property</li> </ul>
<b>MI Ordering</b>	Follow the instructions on the GSE HARP-Eligible Refinance Form

## 7.1.3 Genworth-Insured Streamlined Refinance Option (06/15/15)

Genworth-Insured Streamlined Refinance											
<b>Option Description</b>	Guidelines are for all other Genworth-insured rate/term refinances										
<b>Option Criteria</b>	<ul style="list-style-type: none"> <li>Loan must be currently insured by Genworth</li> <li>Both Same Servicer and New Servicers are eligible for this option</li> </ul>										
<b>Representations &amp; Warranties to Original Loan File for Genworth</b>	There are no reps & warrants retained on the original Loan File										
<b>Commitment/Certificate of Insurance</b>	<ul style="list-style-type: none"> <li>A new Commitment/Certificate of Insurance will be issued for the new refinance</li> <li>Premium rates in effect at the time of new MI application will be applied</li> <li>Coverage % on the new refinance may not increase from the original coverage %</li> <li>Coverage % may decrease</li> </ul>										
<b>Borrower Benefit</b>	<ul style="list-style-type: none"> <li>Reduce the borrower's monthly P&amp;I payment</li> <li>Reduce the interest rate</li> <li>Replace an ARM with a fixed rate</li> <li>Reduce the amortization period</li> </ul>										
<b>New Loan Amount</b>	<ul style="list-style-type: none"> <li>New loan amount must be less than or equal to the original insured amount</li> <li>Amounts that may be included in the new loan amount are described in Section 4.4.1 Rate/Term Refinance Definition</li> </ul>										
<b>Maximum LTV/CLTV</b>	<ul style="list-style-type: none"> <li>Maximum 105% LTV</li> <li>No maximum CLTV</li> </ul> <b>Note:</b> Check State Restrictions for LTVs $\geq$ 100.01% for limitations										
<b>State Restrictions for LTVs <math>\geq</math> 100.01%</b>	<table border="1"> <thead> <tr> <th>Restriction</th> <th>State</th> </tr> </thead> <tbody> <tr> <td><b>LTV &gt; 100%:</b> Loan Type must be fixed rate fixed payment (no ARMs, including 5yr, 7yr, 10yr ARMs)</td> <td>All states</td> </tr> <tr> <td><b>LTV &gt; 100%:</b> Max base LTV of 100% without financed closing costs, prepaids, and/or MI. Borrower can finance amounts (not to exceed \$5,000) over 100% up to the state's max LTV (103% or 105%) to cover closing costs, prepaid items and/or MI.</td> <td>All states</td> </tr> <tr> <td><b>LTV = 103%:</b> Max base LTV of 100% without financed closing costs, prepaids, and/or MI. Borrower can finance amounts (not to exceed \$5,000) over 100% up to a max LTV of 103% to cover closing costs, prepaid items and/or MI.</td> <td>AZ, CA, ID, IL, MO, NJ, NY, OH</td> </tr> <tr> <td><b>Cooperatives Max 100% LTV</b></td> <td>NY</td> </tr> </tbody> </table>	Restriction	State	<b>LTV &gt; 100%:</b> Loan Type must be fixed rate fixed payment (no ARMs, including 5yr, 7yr, 10yr ARMs)	All states	<b>LTV &gt; 100%:</b> Max base LTV of 100% without financed closing costs, prepaids, and/or MI. Borrower can finance amounts (not to exceed \$5,000) over 100% up to the state's max LTV (103% or 105%) to cover closing costs, prepaid items and/or MI.	All states	<b>LTV = 103%:</b> Max base LTV of 100% without financed closing costs, prepaids, and/or MI. Borrower can finance amounts (not to exceed \$5,000) over 100% up to a max LTV of 103% to cover closing costs, prepaid items and/or MI.	AZ, CA, ID, IL, MO, NJ, NY, OH	<b>Cooperatives Max 100% LTV</b>	NY
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<b>Cooperatives Max 100% LTV</b>	NY										
<b>Subordinate Financing (CLTV)</b>	Payoff of subordinate liens securing the property that were used in whole to acquire the property is permitted in the new transaction, subject to the limitation of the new loan amount not exceeding the original insured amount										
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>Same as original occupancy</li> <li>Can shift from second home or investment property to primary</li> <li>Shifts from primary to second or investment on an exception basis</li> </ul>										
<b>Property Type</b>	Same as original Property Type										
<b>Loan Type</b>	<ul style="list-style-type: none"> <li>Fixed rate fixed payment</li> <li>Fully amortizing ARM: 5yr, 7yr, 10yr</li> </ul>										
<b>Loan Term</b>	<ul style="list-style-type: none"> <li>Max 40 year term</li> <li>Loan term may only decrease from the original loan term</li> </ul>										

<b>Genworth-Insured Streamlined Refinance</b>	
<b>Minimum Credit Score</b>	620
<b>Mortgage Payment History</b>	<ul style="list-style-type: none"> <li>• Mortgage is current</li> <li>• 0 x 30 in last 12 months</li> </ul>
<b>Seasoning</b>	Twelve (12) months seasoning
<b>Maximum DTI</b>	45%
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• All borrowers on the new refinance must be the same as the borrowers on the original loan unless a divorce or death occurred</li> <li>• The Loan File should contain the documentation to explain the drop and show the remaining borrower has made the mortgage payments for 12 months</li> <li>• A borrower may be added provided the original borrower(s) remain on the loan</li> </ul>
<b>GSE AUS Result</b>	Loans are not required to have a GSE AUS decision. If provided, the result must be: <ul style="list-style-type: none"> <li>• DU Approve/Eligible</li> <li>• Loan Product Advisor Accept Eligible</li> </ul>
<b>Documentation</b>	<u>Same Servicer</u> <ul style="list-style-type: none"> <li>• New 1003</li> <li>• New 1008</li> <li>• New credit report</li> <li>• Verbal VOE and 1 paystub</li> <li>• Use asset amounts as stated on the 1003</li> </ul> <u>New Servicer</u> <ul style="list-style-type: none"> <li>• Full documentation</li> </ul>
<b>Appraisal</b>	New appraisal report: <ul style="list-style-type: none"> <li>• FNMA 1004 / FHLMC 70 for 1 unit properties</li> <li>• FNMA 2055/FHLMC 2055 if permitted by DU or Loan Product Advisor for the loan transaction</li> <li>• FNMA 1073 / FHLMC 465 for condo units</li> </ul>
<b>Property Valuation Representations &amp; Warranties to Genworth on New Loan</b>	Genworth will require the lender to rep and warrant the property value, condition and marketability of the new refinance
<b>Underwriting Notes</b>	Loan must meet all other Genworth Standard Guidelines
<b>MI Ordering</b>	Follow the instructions on either the Delegated Application or Genworth Underwrite – Full Package Submission Application

## 7.2 Genworth Affordable Housing and Housing Finance Agency Guidelines (01/01/17)

### 7.2.1 Affordable Housing Program Requirements

Affordable Housing Program Requirements					
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent <sup>3</sup>					
Property Type <sup>1</sup>	Maximum LTV	Maximum Loan Amount <sup>2</sup>	Minimum Credit Score	Maximum DTI	
				Delegated	Non-delegated
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing	97% <sup>1</sup>	\$424,100	620	50%	
2 units	95%	\$543,000		45%	50%
3 units <sup>4</sup>	95%	\$656,350	720	45%	
4 units <sup>4</sup>		\$815,650			
<sup>1</sup> Manufactured Housing is ineligible for 97% LTV. <sup>2</sup> Unless otherwise noted, eligible loan amounts in AK & HI are \$636,150 for 1 unit, \$814,500 for 2 units & \$850,000 for 3 – 4 units. <sup>3</sup> Construction-to-Permanent is ineligible with property types other than Single family (detached) or Manufactured Housing or loan amounts > \$850,000. <sup>4</sup> ARM loan types are ineligible for 3 – 4 units.					
Affordable Housing Program Requirements					
<b>General Requirements for Affordable Housing Programs</b>	<ul style="list-style-type: none"> <li>Homebuyer education is required for first time homebuyer</li> <li>Documentation of completion of homebuyer education, as may be required, must be maintained in the Loan File and supplied to Genworth upon request</li> <li>Lender must maintain a copy of the Homebuyer Education Disclosure in the Loan File</li> <li>All borrowers must occupy the property</li> </ul>				
<b>Early Delinquency Counseling</b>	Documentation of signed Authorization for Counseling form, as may be required, must be maintained in the Loan File and supplied to Genworth upon request.				
<b>HomeReady, Home Possible &amp; Home Possible Advantage</b>	Follow the GSE's product guidelines for HomeReady, Home Possible or Home Possible Advantage loans and apply the eligibility criteria in this section				
<b>Subordinate Financing (CLTV)</b>	Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines				
<b>LTV/CLTV/GLTV/TLTV</b>		<b>LTV</b>	<b>CLTV</b>	<b>GLTV</b>	<b>TLTV</b>
	1 unit	97%	105%	100%	105%
	1 unit	95%	105%	100%	105%
	Manufactured Housing	95%	95%	100%	100%
	Cooperative units	97%	105%	100%	100%
	2 - 4 units	95%	105%	100%	105%
<b>Loan Types</b>	<ul style="list-style-type: none"> <li>Fixed rate/fixed payment</li> <li>Fully amortizing ARMs with initial term <math>\geq</math> 5 yrs</li> <li>Temporary buydowns (3-2-1 or 2-1 buydown structures permitted)</li> <li><b>Ineligible:</b> Balloons, ARMs ineligible for 3 – 4 units</li> </ul>				
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>Minimum 3% from borrower's own funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if:               <ul style="list-style-type: none"> <li>Primary, purchase, 1 unit, <math>\leq</math> \$424,100 or \$636,150 in AK &amp; HI</li> <li>Credit score <math>\geq</math> 660 and DTI <math>\leq</math> 36% or <math>\geq</math> 680 and DTI <math>\leq</math> 45%</li> <li>Fixed rate/fixed payment or ARM <math>\geq</math> 5 years</li> <li>No subordinate financing resulting in monthly payment obligations</li> </ul> </li> <li>2 – 4 units: Minimum 3% from borrower own funds. Minimum borrower contribution from own funds must be met before other acceptable sources of funds are permitted</li> </ul> <p><b>Note:</b> Delegated loans utilizing gift funds to meet the borrower's minimum contribution must be submitted via our website (Order and Edit System) or</p>				

Affordable Housing Program Requirements							
	<p><i>select Loan Origination System (LOS) connections. Refer to the Appendix for a complete list of eligible LOS connections.</i></p> <p><b><u>Gift Funds</u></b></p> <ul style="list-style-type: none"> <li>Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity</li> </ul> <p><b><u>Grant Funds</u></b></p> <ul style="list-style-type: none"> <li>Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities</li> <li>Grant funds cannot require monthly payment obligations</li> <li>A grant, including those with deferred payments or forgiveness, with a repayment obligation of any kind or that results in a recorded lien against the property is considered subordinate financing and subject to our CLTV maximums</li> <li>Down payment assistance programs utilizing a deed restriction or a means other than a recorded lien; i.e. a retention agreement, to enforce repayment terms may be treated as grants with no requirement for a CLTV calculation</li> </ul> <p><b><u>Employer Assistance</u></b></p> <p>Follow GSE standard underwriting guidelines and documentation for employer assistance</p>						
<b>Reserves</b>	<table border="1"> <tbody> <tr> <td><b>0 months</b></td> <td>Rate/term refinance</td> </tr> <tr> <td><b>2 months</b></td> <td> <ul style="list-style-type: none"> <li>Purchase, 1 unit</li> <li>Purchase, 2 - 4 unit, without rental income to qualify</li> </ul> </td> </tr> <tr> <td><b>6 months</b></td> <td>Purchase, 2 – 4 unit, with rental income to qualify</td> </tr> </tbody> </table>	<b>0 months</b>	Rate/term refinance	<b>2 months</b>	<ul style="list-style-type: none"> <li>Purchase, 1 unit</li> <li>Purchase, 2 - 4 unit, without rental income to qualify</li> </ul>	<b>6 months</b>	Purchase, 2 – 4 unit, with rental income to qualify
<b>0 months</b>	Rate/term refinance						
<b>2 months</b>	<ul style="list-style-type: none"> <li>Purchase, 1 unit</li> <li>Purchase, 2 - 4 unit, without rental income to qualify</li> </ul>						
<b>6 months</b>	Purchase, 2 – 4 unit, with rental income to qualify						
<b>Nontraditional Credit</b>	Maximum 95%/105% LTV/CLTV. Max 41% DTI. 1 unit. Nontraditional credit must be underwritten by Genworth.						
<b>Construction-to-Permanent</b>	Refer to Section 7.5 for guidelines						
<b>Underwriting Notes</b>	<ul style="list-style-type: none"> <li>Loans with a DU Approve / Ineligible or Loan Product Advisor Accept / Ineligible recommendation or risk classification: <ul style="list-style-type: none"> <li>May follow the respective AUS documentation requirements for employment, income and assets</li> <li>All other parameters of Genworth Standard Guidelines must be met, <b><i>including but not limited to</i></b>, requirements regarding LTV, credit score, DTI, reserves, tradelines, borrower own funds, etc</li> </ul> </li> </ul>						

### 7.2.2 Simply Underwrite for HFAs Program Requirements (01/01/17)

This version of Simply Underwrite is for HFA loans that receive any of the DU Approve or Loan Product Accept recommendations or risk classifications listed in the grid below. HFA loans that do not meet eligibility criteria for Simply Underwrite for HFAs must follow the guidelines in Section 7.2.3.

Simply Underwrite for HFAs Program Requirements				
Primary Residence - Purchase , Rate/Term Refinance & Construction-to-Permanent <sup>3</sup>				
Property Type	Maximum LTV/CLTV <sup>3</sup>	Maximum Loan Amount <sup>2</sup>	Minimum Credit Score	Maximum DTI
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing <sup>1</sup>	97%/105%	\$424,100	620	Per DU & Loan Product Advisor
	95%/105%	FHFA Maximum <sup>4</sup>		
2 units	95%/105%	\$543,000		
	85%/105%	FHFA Maximum <sup>4</sup>		
3 units <sup>5</sup>	95%/105%	\$656,350	720	45%
4 units <sup>5</sup>		\$815,650		

<sup>1</sup> Manufactured Housing maximum LTV/CLTV is 95%.

<sup>2</sup> Unless otherwise noted, eligible loan amounts in AK & HI are \$636,150 for 1 unit, \$814,500 for 2 units, & \$850,000 for 3 – 4 units.

<sup>3</sup> Construction-to-Permanent is ineligible with property types other than Single family (detached) or Manufactured Housing.

<sup>4</sup> Loan amounts > \$424,100 are subject to DU High Balance guidelines as allowed per HomeReady and HFA Preferred published guidelines.

<sup>5</sup> ARM loan types ineligible for 3 – 4 units.

Simply Underwrite for HFAs Program Requirements	
<b>Desktop Underwriter: HFA Preferred or HomeReady</b>	<ul style="list-style-type: none"> <li>DU Approve/Eligible</li> <li>DU Approve/Ineligible for HomePath Properties with Interested Party Contributions (IPC) exceeding standard limits (Maximum 6% IPC)</li> <li>Loan must be processed in DU as either HFA Preferred or HomeReady according to Fannie Mae's directions</li> <li>Follow Fannie Mae's published program guidelines for HFA Preferred or HomeReady through DU and <i>Exclusions from Simply Underwrite for HFAs</i> found in this chart.</li> </ul>
<b>Loan Product Advisor: Home Possible, Home Possible Advantage or HFA Advantage Mortgages</b>	<ul style="list-style-type: none"> <li>Loan Product Advisor Accept, Eligible</li> <li>Loan must be processed in Loan Product Advisor with the applicable Home Possible, Home Possible Advantage or HFA Advantage Mortgage offering identifiers</li> <li>Follow Freddie Mac's published Home Possible, Home Possible Advantage or HFA Advantage program guidelines and <i>Exclusions from Simply Underwrite for HFAs</i> found in this chart.</li> </ul>
<b>Exclusions from Simply Underwrite for HFAs</b>	<ul style="list-style-type: none"> <li>DU Refi Plus &amp; Freddie Mac Relief Refinance – Open Access (7.1)</li> <li>Lender-negotiated guideline variances, waivers or programs unless approved by Genworth. Genworth has approved Fannie Mae's HomeStyle Renovation Mortgages, cooperative share mortgage, Fannie Mae's HFA Preferred and Freddie Mac's HFA Advantage guidelines, subject to any applicable overlays in this chart.</li> </ul>
<b>Documentation</b>	Follow the documentation required by DU and Loan Product Advisor. Additional documentation may be warranted to support the underwriting decision, per Fannie Mae and Freddie Mac guidance.



Simply Underwrite for HFAs Program Requirements																
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>As determined by DU &amp; Loan Product Advisor</li> <li>Borrower's minimum contribution may come from eligible sources, per GSE guidelines, including personal gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds.</li> </ul> <p><b>Note:</b> Delegated loans utilizing gift funds to meet the borrower's minimum contribution may be submitted via our website (Order and Edit System) or select LOS connections. Refer to the Appendix for a complete list of eligible LOS connections.</p>															
<b>Reserves</b>	As determined by DU and Loan Product Advisor															
<b>Subordinate Financing (CLTV)</b>	<p>Follow DU CLTV/HCLTV or Loan Product Advisor TLTV/HTLTV calculations and maximums</p> <p>The following chart is only an excerpt of DU and Loan Product Advisor requirements that is provided as a convenience and does not cover all property types, mortgage terms and subordinate financing types:</p> <table border="1"> <thead> <tr> <th></th> <th>Loan Type</th> <th>CLTV</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td rowspan="2">DU</td> <td>Fixed Rate</td> <td>105%</td> <td>Community Seconds</td> </tr> <tr> <td>ARM (5/1, 7/1, 10/1)</td> <td>90%</td> <td>Community Seconds</td> </tr> <tr> <td>Loan Product Advisor</td> <td>Fixed &amp; ARM (5/1, 7/1, 10/1)</td> <td>105%</td> <td>Affordable Seconds</td> </tr> </tbody> </table>		Loan Type	CLTV	Notes	DU	Fixed Rate	105%	Community Seconds	ARM (5/1, 7/1, 10/1)	90%	Community Seconds	Loan Product Advisor	Fixed & ARM (5/1, 7/1, 10/1)	105%	Affordable Seconds
	Loan Type	CLTV	Notes													
DU	Fixed Rate	105%	Community Seconds													
	ARM (5/1, 7/1, 10/1)	90%	Community Seconds													
Loan Product Advisor	Fixed & ARM (5/1, 7/1, 10/1)	105%	Affordable Seconds													
<b>Condominium, PUD and Cooperative Projects</b>	<ul style="list-style-type: none"> <li>Condominium, PUD and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements</li> <li>Documentation of the project's acceptance standards must be maintained in the Loan File or according to GSE guidelines</li> <li>Cooperative projects must be located in Fannie Mae's designated markets</li> </ul> <p><b>Note:</b> Loans in attached condominium projects that do not meet GSE project eligibility requirements and are considered non-warrantable may be submitted to Genworth for consideration on a case-by-case basis.</p>															
<b>Construction-to-Permanent</b>	Refer to Section 7.5 for guidelines															
<b>Underwriting Notes</b>	<ul style="list-style-type: none"> <li>Genworth does not insure the following: Properties located in Guam, Puerto Rico and Virgin Islands</li> </ul>															
<b>Note</b>	References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at <a href="#">FHFA Loan Limits</a>															

### 7.2.3 Standard Guidelines for HFAs (01/01/17)

Standard Guidelines apply to loans that are not eligible for HFA Simply Underwrite.

Standard Guidelines for HFAs Program Requirements					
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent <sup>2</sup>					
Property Type	Maximum LTV/CLTV	Maximum Loan Amount <sup>1</sup>	Minimum Credit Score	Maximum DTI	
				Delegated	Non-delegated
Single family (detached & attached), Condominiums, Cooperatives	97%/105%	\$424,100	620	50%	
Manufactured Housing	95%/95%				
2 units	95%/105%	\$543,000	720	45%	50%
3 units <sup>3</sup>		\$656,350		45%	
4 units <sup>3</sup>		\$815,650			

<sup>1</sup> Unless otherwise noted, eligible loan amounts in AK & HI are \$636,150 for 1 unit, \$814,500 for 2 units and \$850,000 for 3 – 4 units.

<sup>2</sup> Construction-to-Permanent is ineligible with property types other than Single family (detached) or Manufactured Housing.

<sup>3</sup> ARM loan types are ineligible for 3 – 4 units.

Standard Guidelines for HFAs Program Requirements	
<b>HFA Preferred or HomeReady</b>	<ul style="list-style-type: none"> <li>Follow Fannie Mae's published program guidelines for manually underwritten HFA Preferred or HomeReady loans</li> <li>Apply the DTI maximums and minimum borrower contribution per the chart below. Apply Fannie Mae's reserve requirements, but no less than the minimum per the chart below</li> <li>Follow Fannie Mae's CLTV/HCLTV calculations and maximums.</li> </ul>
<b>Home Possible, Home Possible Advantage or HFA Advantage</b>	<ul style="list-style-type: none"> <li>Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines for manual underwriting</li> <li>Apply the DTI maximums and minimum borrower contribution per the chart below. Apply Freddie Mac's reserve requirements, but no less than the minimum per the chart below</li> <li>Follow Freddie Mac's TLTV/HTLTV calculations and maximums.</li> </ul>

Standard Guidelines for HFAs Program Requirements	
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>• 1 unit &amp; DTI <math>\leq</math> 45%: 1% minimum borrower contribution</li> <li>• 1 unit &amp; DTI <math>&gt;</math> 45%: 3% minimum borrower contribution.</li> <li>• 2 – 4 units: 3% minimum borrower contribution</li> </ul> <p>Borrower's minimum contribution can be met by acceptable sources per GSE guidelines, including personal gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds if:</p> <ul style="list-style-type: none"> <li>• Primary, purchase, 1 unit, <math>\leq</math> \$424,100 or \$636,150 in AK and HI</li> <li>• Credit score <math>\geq</math> 660 and DTI <math>\leq</math> 36% or <math>\geq</math> 680 and DTI <math>\leq</math> 45%</li> <li>• Fixed rate/fixed payment or ARM <math>\geq</math> 5 years</li> <li>• No subordinate financing resulting in monthly payment obligations</li> </ul> <p><b>Note:</b> <i>Delegated loans utilizing gift funds to meet the borrower's minimum contribution may be submitted via our website (Order and Edit System) or select LOS connections. Refer to the Appendix for a complete list of eligible LOS connections.</i></p> <p><b><u>Gift Funds</u></b></p> <ul style="list-style-type: none"> <li>• Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity</li> </ul> <p><b><u>Grant Funds</u></b></p> <ul style="list-style-type: none"> <li>• Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities</li> <li>• Grant funds cannot require monthly payment obligations</li> <li>• A grant, including those with deferred payments or forgiveness, with a repayment obligation of any kind or that results in a recorded lien against the property is considered subordinate financing and subject to our CLTV maximums</li> <li>• Down payment assistance programs utilizing a deed restriction or a means other than a recorded lien; i.e. a retention agreement, to enforce repayment terms may be treated as grants with no requirement for a CLTV calculation</li> </ul> <p><b><u>Employer Assistance</u></b></p> <p>Follow GSE standard underwriting guidelines and documentation for employer assistance</p>
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• 2 months</li> <li>• Genworth underwrite: 0 months reserves are allowed for 1 unit with a score <math>\geq</math> 660 and DTI <math>\leq</math> 45%</li> <li>• For 2 – 4 units, reserves may not be gifted</li> </ul>
<b>Loan Types</b>	<ul style="list-style-type: none"> <li>• Fixed rate/fixed payment</li> <li>• Fully amortizing ARMs with initial term <math>\geq</math> 5 yrs</li> <li>• Temporary buydowns (3-2-1 or 2-1 buydown structures permitted)</li> <li>• <b>Ineligible:</b> Balloons, ARMs ineligible for 3 – 4 units</li> </ul>
<b>Subordinate Financing (CLTV)</b>	Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines
<b>GLTV and TLTV</b>	<ul style="list-style-type: none"> <li>• Maximum GLTV is 100% when MI is financed</li> <li>• Maximum TLTV is the greater of the GLTV and the CLTV</li> </ul>

Standard Guidelines for HFAs Program Requirements	
<b>Condominium, PUD and Cooperative Projects</b>	<ul style="list-style-type: none"> <li>• Condominium, PUD and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements</li> <li>• Documentation of the project's acceptance standards must be maintained in the Loan File or according to GSE guidelines</li> <li>• Cooperative projects must be located in Fannie Mae's designated markets</li> </ul> <p><b>Note:</b> Loans in attached condominium projects that do not meet GSE project eligibility requirements and are considered non-warrantable may be submitted to Genworth for consideration on a case-by-case basis.</p>
<b>Nontraditional Credit</b>	Maximum 95%/105% LTV/CLTV. Max 41% DTI. 1 unit. Nontraditional credit must be underwritten by Genworth
<b>General Requirements for HFAs</b>	<p>Apply the following:</p> <ul style="list-style-type: none"> <li>• Income limits, as established by the HFA</li> <li>• Homebuyer education is required as established by the GSEs or by the HFA</li> <li>• Documentation of completion of homebuyer education, as may be required, must be maintained in the Loan File and supplied to Genworth upon request</li> <li>• Lender must maintain a copy of the Homebuyer Education Disclosure in the Loan File.</li> <li>• All borrowers must occupy the property</li> </ul>
<b>Early Delinquency Counseling</b>	Documentation of signed Authorization for Counseling form, as may be required, must be maintained in the Loan File and supplied to Genworth upon request.
<b>Construction-to-Permanent</b>	Refer to Section 7.5 for guidelines
<b>Underwriting Notes</b>	<ul style="list-style-type: none"> <li>• Loans with a DU Approve / Ineligible or Loan Product Advisor Accept / Ineligible recommendation or risk classification: <ul style="list-style-type: none"> <li>• May follow the respective AUS documentation requirements for employment, income and assets</li> <li>• All other parameters of Genworth Standard Guidelines must be met, <b>including but not limited to</b>, requirements regarding LTV, credit score, DTI, reserves, tradelines, borrower own funds, etc</li> </ul> </li> </ul>

7.3 This section has been removed (05/14/12 (revised))

7.4 This section has been removed (01/27/13)

## 7.5 Construction-to-Permanent Loan (05/15/17)

Construction-to-Permanent Loan					
Primary Residence - Purchase & Rate/Term Refinance					
Property Type	Maximum LTV	Maximum Loan Amount	Minimum Credit Score	Maximum DTI	
				Delegated	Non-delegated
Single family, (detached) & Manufactured Housing <sup>1</sup>	97%	\$424,100 <sup>2</sup>	620	50%	
		\$650,000	720	45%	
	90%	\$650,000 or FHFA in HI	620	45%	50%
	95%	\$650,000	660	45%	
	90%	\$850,000	680	43%	
Second Home – Purchase, Rate/Term Refinance					
Single family, (detached) & Manufactured Housing <sup>1</sup>	90%	\$424,100 <sup>2</sup>	620	45%	50%
		\$650,000 or FHFA in HI	700	45%	
		\$850,000	720	41%	
<sup>1</sup> Manufactured Housing is ineligible for 97% LTV and loan amounts > \$424,100 except in AK and HI. <sup>2</sup> Eligible loan amounts in AK & HI are \$636,150					
<b>Single Close Description</b>	Combines the interim construction financing and the permanent financing into a single closing				
<b>Two Close Transaction</b>	The interim construction financing is closed prior to completion; once the construction is complete the borrower closes the permanent long term financing				
<b>Construction-to-Permanent Purchase Transaction</b>	Borrower is not the owner of record of the land prior to the closing of the construction financing.  <b>LTV Calculation</b> Lesser of: <ul style="list-style-type: none"> <li>Acquisition cost (purchase price of the lot plus total documented construction costs), or</li> <li>Appraised value, as completed</li> </ul>				
<b>Construction-to-Permanent Rate/Term Refinance Transaction</b>	Borrower is the owner of record of the land prior to the closing of the construction financing.  <b>LTV Calculation</b> – Current appraised value, as completed				
<b>Loan Types</b>	Eligible loan types for permanent financing: <ul style="list-style-type: none"> <li>Fixed rate/fixed payment</li> <li>ARMs with initial term <math>\geq</math> 3 years</li> </ul> <p><b>Note:</b> While the borrower may make interest only (IO) payments during the construction phase, the end loan or permanent terms may not be IO. Borrower is qualified with the fully amortizing PITI with the terms of the permanent financing.</p> <p><b>Ineligible loan types:</b> Temporary buydowns, balloons, ARMs with initial term &lt; 3 years</p>				
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li><math>\leq</math> \$650,000: Minimum 3% from borrower's own funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if:               <ul style="list-style-type: none"> <li><math>\leq</math> \$424,100 or \$636,150 in AK and HI</li> <li>Credit score <math>\geq</math> 660 and DTI <math>\leq</math> 36% or <math>\geq</math> 680 and DTI <math>\leq</math> 45%</li> <li>Fixed rate/fixed payment or ARM <math>\geq</math> 5 years</li> <li>No subordinate financing resulting in monthly payment obligations</li> </ul> </li> </ul>				

<b>Construction-to-Permanent Loan</b>					
	<ul style="list-style-type: none"> <li>\$650,001 - \$850,000: Minimum 5% from borrower's own funds</li> </ul> <p><b>Note:</b> <i>Delegated loans utilizing gift funds to meet the borrower's minimum contribution may be submitted via our website (Order and Edit System) or select LOS connections. Refer to the Appendix for a complete list of eligible LOS connections.</i></p>				
<b>Nontraditional Credit</b>	Ineligible				
<b>Reserves</b>	<table border="1"> <tr> <td style="text-align: center;">2 months</td> <td> <ul style="list-style-type: none"> <li>Purchase and Rate/Term Refinance</li> <li>≤ \$650,000 or FHFA in HI</li> </ul> </td> </tr> <tr> <td style="text-align: center;">6 months</td> <td> <ul style="list-style-type: none"> <li>\$650,001 or &gt; FHFA in HI – \$850,000</li> </ul> </td> </tr> </table>	2 months	<ul style="list-style-type: none"> <li>Purchase and Rate/Term Refinance</li> <li>≤ \$650,000 or FHFA in HI</li> </ul>	6 months	<ul style="list-style-type: none"> <li>\$650,001 or &gt; FHFA in HI – \$850,000</li> </ul>
2 months	<ul style="list-style-type: none"> <li>Purchase and Rate/Term Refinance</li> <li>≤ \$650,000 or FHFA in HI</li> </ul>				
6 months	<ul style="list-style-type: none"> <li>\$650,001 or &gt; FHFA in HI – \$850,000</li> </ul>				
<b>Borrower/Builder</b>	The borrower may act as the contractor or provide repairs subject to GSE guidelines				
<b>Property Types</b>	<ul style="list-style-type: none"> <li>Single family (detached): Includes detached (site) condominiums</li> <li>Manufactured Housing: Doublewide design or greater</li> <li><b>Ineligible:</b> 2 – 4 units, attached housing, attached condominiums, cooperatives, investment property</li> </ul>				
<b>Manufactured Housing Eligibility</b>	<p>The following applies for manufactured housing purchase transactions:</p> <ul style="list-style-type: none"> <li>Loan must be for the installation of a newly purchased manufactured home that has never been attached to a foundation</li> <li>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</li> <li>Refer to Section 6.10 Manufactured Housing for complete details</li> </ul>				
<b>Appraisal Documentation</b>	<ul style="list-style-type: none"> <li>URAR, "subject to completion" completed by an appraiser at time of underwrite</li> <li>The appraisal form and applicable addenda must meet GSE requirements</li> <li>Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction.</li> <li>The update and/or new appraisal must be added to the Loan File documentation.</li> <li>If the original appraisal is: <ol style="list-style-type: none"> <li>≤ 120 days: Form 1004D/442 with the Certification of Completion section completed by the appraiser must be added to the Loan File documentation</li> <li>&gt; 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.</li> </ol> </li> </ul>				
<b>Underwriting Notes</b>	<ul style="list-style-type: none"> <li>Borrower is underwritten and qualified one time according to the terms of the permanent financing</li> <li>Loan must meet all other Genworth Standard Guidelines</li> </ul>				
<b>Commitment/Certificate of Insurance Note</b>	The Commitment/Certificate of Insurance will be issued with the following note: "Loan underwritten as a Construction-to-Permanent in accordance with Genworth or Genworth - approved Guidelines and Terms for Activation of Coverage."				
<b>Commitment Term</b>	<ul style="list-style-type: none"> <li>12 months</li> <li>Extensions and reinstatements not permitted. Loan must be resubmitted and will receive current rates and guidelines.</li> </ul>				
<b>Mortgage Insurance Coverage</b>	<ul style="list-style-type: none"> <li>Mortgage insurance coverage may be provided during the construction phase or at completion of construction</li> <li>There are two options available for activation of coverage</li> </ul>				
<b>Activation of Coverage Prior to Completion of Construction/Insure During</b>	<ol style="list-style-type: none"> <li>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.</li> </ol>				

<b>Construction-to-Permanent Loan</b>	
<b>Construction</b>	<p>2. Upon completion of the construction, Genworth must be notified should any of the loan terms change.</p> <p>Certificate activation instructions may vary based on the premium plan option. Refer to Section 8.7 of the <i>Underwriting Guidelines</i> and the Commitment/Certificate of Insurance for additional details regarding Certificate activation.</p>
<b>Activation of Coverage Upon Completion of Construction/ Insure Upon Completion of Construction</b>	<ol style="list-style-type: none"> <li>1. Prior to activation of coverage, Genworth must be notified should any of the loan terms change as per Section 8.2 of the <i>Underwriting Guidelines</i>.</li> <li>2. The loan close date provided to Genworth to activate coverage is the date the loan converts to the permanent financing</li> <li>3. 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 by the applicable municipality. These documents must be added to the Loan File</li> <li>4. 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 Loan File</li> <li>5. All mechanics' liens, materialmen's liens or any other liens affecting title must be satisfied prior to activation of coverage</li> <li>6. Receipt of the loan close date and premium serves as the lender's representation and warranty that: <ul style="list-style-type: none"> <li>• The borrower had no delinquencies during the construction phase</li> <li>• There are no outstanding liens or any debt affecting title, and</li> <li>• The Loan File documentation is complete.</li> </ul> </li> </ol> <p>Certificate activation instructions may vary based on the premium plan option. Refer to Section 8.7 of the <i>Underwriting Guidelines</i> and the Commitment/Certificate of Insurance for additional details regarding Certificate activation.</p>

## 7.6 Professional Program – Part of Peak Portfolio Program (05/15/17)

Professional Program				
Primary Residence – Purchase & Construction-to-Permanent <sup>1</sup>				
Property Type	Max LTV	Max Loan Amount	Min Credit Score	Max DTI
Single family (detached & attached), Condominiums, Cooperatives	97%	\$424,100	620	50%
		\$650,000	720	45%
	90%	\$650,000 or FHFA in HI	620	50%
	95%	\$650,000	660	45%
	90%	\$850,000 <sup>1</sup>	680	43%
	90%	\$1,000,000	700	

<sup>1</sup> Construction-to-Permanent is ineligible for loan amounts > \$850,000

Eligibility Requirements	Guidelines
<b>Program Overview</b>	The Professional Program allows the exclusion of student loan debt from the DTI calculation with documentation to evidence deferment for at least 12 months for eligible borrowers.
<b>Borrower Eligibility</b>	At least one borrower in the transaction must: <ul style="list-style-type: none"> <li>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, or PhD in a non-medical profession</li> <li>If a Resident or Fellow: <ul style="list-style-type: none"> <li>Must have a signed guaranteed non-contingent employment contract, or be a graduate from a doctoral program</li> </ul> </li> <li>Third party written evidence of an acceptable doctorate degree or Juris Doctor degree (J.D.) is required as documentation for the Loan File</li> </ul>
<b>Delivery Channel</b>	This program requires a Genworth underwrite.
<b>Treatment of Student Loan Debt</b>	Student loan debt may be excluded from the DTI calculation with documentation to evidence deferment for at least 12 months. <b>Note:</b> 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.
<b>Alternative Documentation for Medical Residents</b>	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 for at least 12 months: <ul style="list-style-type: none"> <li>Letter from employer verifying the medical resident's start date, or</li> <li>Letter from the employer verifying at least 6 months residency remaining, or</li> <li>Letter from the student loan servicer confirming that student loan payments will be in deferment for at least 12 months</li> </ul>
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>≤ \$650,000: Minimum 3% from borrower's own funds</li> <li>\$650,001 - \$850,000: Minimum 5% from borrower's own funds</li> <li>\$850,001 - \$1,000,000: Minimum 10% from borrower's own funds</li> <li>Borrower's minimum contribution can be met by acceptable sources per GSE guidelines, including personal gifts, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds if: <ul style="list-style-type: none"> <li>Primary, purchase, 1 unit, ≤ \$424,100 or \$636,150 in AK and HI</li> <li>Credit score ≥ 660 and DTI ≤ 36% or ≥ 680 and DTI ≤ 45%</li> <li>Fixed rate/ fixed payment or ARM ≥ 5 years</li> <li>No subordinate financing resulting in monthly payment obligations</li> </ul> </li> </ul> <b>Note:</b> For loan amounts > \$650,000, gift or grant funds are not permitted towards



<b>Professional Program</b>	
	minimum borrower contribution
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• &lt; \$650,000 (or FHFA in HI): 2 months</li> <li>• \$650,001 or &gt; FHFA in HI - \$850,000: 6 months</li> <li>• \$850,001 - \$1,000,000: 9 months</li> </ul>
<b>Subordinate Financing (CLTV)</b>	Refer to Section 4.3.3 for LTV/CLTV/GLTV/TLTV maximums
<b>Ineligible Attributes</b>	Manufactured housing, 2 – 4 units, second homes and investment property
<b>Underwriting Notes</b>	Loan must meet all other Genworth Standard Guidelines.

## 7.7 Super Jumbo Program - Part of Peak Portfolio Program (05/15/17)

Super Jumbo Program				
Primary Residence – Purchase & Rate/Term Refinance				
Property Type	Max LTV	Max Loan Amount	Min Credit Score	Max DTI
Single family (detached & attached), Condominiums, Cooperatives	95%	\$850,000 <sup>1,2</sup>	700	43%
	90%	\$1,500,000 <sup>3</sup>	720	41%
	85%	\$2,000,000	740	38%
Primary Residence – Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	85%	\$1,000,000	740	38%
	Maximum cash-out amount: \$250,000			
Second Home – Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	85%	\$650,000	740	41%
	Maximum cash-out amount: \$200,000			

<sup>1</sup> Loan amount ≤ \$650,000 to 95% follows Standard Guidelines  
<sup>2</sup> Loan amount ≤ \$850,000 to 90% follows Standard Guidelines  
<sup>3</sup> Loan amount ≤ \$1,000,000 to 90% follows Standard Guidelines

Eligibility Requirements	Guidelines
<b>Delivery Channel</b>	This loan program requires a Genworth underwrite.
<b>Documentation</b>	Full documentation, including DU and Loan Product Advisor, as per Genworth Standard Guidelines.
<b>Property Type</b>	<ul style="list-style-type: none"> <li>Single family (detached and attached): Includes detached (site) condominiums</li> <li>Condominiums: Refers to attached condominiums</li> <li>Cooperatives: Refer to <i>Underwriting Guidelines</i> for acceptable coop locations</li> </ul> <b>Ineligible:</b> Manufactured housing, 2 - 4 units
<b>Appraisal</b>	Full URAR, with interior and exterior review, and all applicable addenda: <ul style="list-style-type: none"> <li>Loan amounts &gt; \$1,000,000               <ul style="list-style-type: none"> <li>2 Full URARs, <b>or</b></li> <li>1 Full URAR <b>and</b> a Field Review (Form 2000/Form1032)</li> </ul> </li> </ul>
<b>Subordinate Financing (CLTV)</b>	Refer to Section 4.3.3 for LTV/CLTV/GLTV/TLTV maximums <ul style="list-style-type: none"> <li>Subordinate financing is not eligible for loan amounts &gt; \$1,000,000 or Cash-Out Refinances</li> </ul>
<b>Loan Type</b>	The following loan types are eligible: <ul style="list-style-type: none"> <li>Fixed rate / fixed payment</li> <li>Fully amortizing ARMs with initial term as follows:               <ul style="list-style-type: none"> <li>Primary Residence – Purchase and Rate/Term Refinance                   <ul style="list-style-type: none"> <li>Loan Amount ≤ \$1,000,000: Initial term ≥ 3 years</li> <li>Loan Amount &gt; \$1,000,000: Initial term ≥ 5 years</li> </ul> </li> <li>Primary Residence – Cash-Out Refinance and Second Home                   <ul style="list-style-type: none"> <li>Initial term ≥ 5 years</li> </ul> </li> </ul> </li> <li><b>Ineligible:</b> Temporary buydowns, balloons</li> </ul>
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>≤ \$850,000: Minimum 5% from borrower's own funds</li> <li>\$850,001 - \$1,000,000: Minimum 10% from borrower's own funds</li> <li>&gt; \$1,000,000: Minimum 10% at 90% LTV or 15% at 85% LTV from borrower's own funds</li> </ul> <b>Note:</b> Gift or grant funds are not permitted towards minimum borrower contribution for loan amounts > \$650,000
<b>Reserves</b>	The following apply regardless of loan purpose: <ul style="list-style-type: none"> <li>≤ \$850,000: 6 months</li> <li>\$850,001 - \$1,000,000: 9 months</li> <li>\$1,000,001 - \$1,500,000: 12 months</li> <li>&gt; \$1,500,000: 24 months</li> </ul>
<b>Ineligible Attributes</b>	Nontraditional credit, construction-to-permanent loans
<b>Underwriting Notes</b>	Loan must meet all other Genworth Standard Guidelines.

## 7.8 Pledged Assets Program Guidelines (01/01/17)

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%	\$424,100	45%	680
		90%	\$650,000		700
<b>Pledge Funds</b>	<ul style="list-style-type: none"> <li>Pledge funds may be pledged by the borrower (first party) or third party (immediate family member)</li> <li>Pledge may be cash/savings or certificate of deposit held by a depository institution as collateral for the loan</li> </ul>				
<b>Premium Rates</b>	<ul style="list-style-type: none"> <li>The premium rate is based on the LTV net of pledge</li> <li>LTV net of pledge is equal to: (Loan amount – pledge funds) / lesser of purchase price or appraised value</li> </ul>				
<b>Minimum Borrower Contribution</b>	<ul style="list-style-type: none"> <li>≤ \$424,100: None</li> <li>\$424,101 - \$650,000: Minimum 5% from borrower's own funds</li> </ul>				
<b>Source of Funds</b>	<p>In addition to the borrower's own funds, these sources are acceptable for down payment, closing costs and prepaids:</p> <ul style="list-style-type: none"> <li>Gifts from relative, domestic partner, fiancé, fiancée, church, municipality, public agency, or nonprofit (other than a credit union)</li> <li>Grants from an employer, public agency or nonprofit organization</li> <li>Unsecured borrowed funds from a nonprofit, employer, government municipality or relative</li> <li>Borrower funds secured by an asset per Agency guidelines</li> </ul>				
<b>Reserves</b>	2 months, pledged assets may not be utilized towards meeting reserve requirements				
<b>Seller Contributions</b>	Maximum 3%				
<b>Loan Types</b>	<p>Eligible loan types:</p> <ul style="list-style-type: none"> <li>Fixed rate fixed payment</li> <li>ARMs with initial term ≥ 5 years</li> <li><b>Ineligible:</b> 3 year ARM, temporary buydowns, balloons</li> </ul>				
<b>Subordinate Financing (CLTV)</b>	Not permitted				
<b>Property Type</b>	<b>Ineligible:</b> Cooperatives, manufactured housing, 2 - 4 units, second homes and investment property				
<b>Ineligible Products</b>	Construction-to-permanent, renovation mortgages				
<b>Pledge Agreement</b>	<p>The pledged asset agreement in use by the lender for execution by the pledgor (borrower) must contain the following basic terms:</p> <ul style="list-style-type: none"> <li>Pledge may be first party pledge or third party pledge</li> <li>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</li> <li>Neither the pledgor nor any other party is allowed to access or impair the security interest in the pledged assets</li> </ul>				
<b>Pledge Release</b>	<p>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:</p> <ul style="list-style-type: none"> <li>May be considered after 7 years for a 30 year mortgage and after 5 years for a ≤ 25 year mortgage</li> <li>The mortgagor must be current on loan payments with no delinquencies in the last 12 months</li> <li>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)</li> </ul>				

<b>Pledged Assets</b>	
	<ul style="list-style-type: none"><li>• <b>Documentation:</b> 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</li><li>• 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</li></ul>
<b>Underwriting Notes</b>	<ul style="list-style-type: none"><li>• Loan must meet all other Genworth guidelines.</li><li>• The Pledged Asset Endorsement is posted on our Master Policy Resource Center located at <a href="http://mi.genworth.com">mi.genworth.com</a>.</li></ul>

## 8 Commitment/Certificate of Insurance

Genworth issues a Commitment/Certificate of Insurance for each approved loan.

### 8.1 Commitment Terms, Conditions, Extensions (03/28/16)

#### 8.1.1 Commitment Term

Genworth's Commitment/Certificate of Insurance is valid for four (4) months from date of issuance. The term for HARP-Eligible Refinance (Same Servicer) is six (6) months. 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.

#### 8.1.2 Underwriting Conditions

Sometimes our underwriters apply an underwriting condition to the Commitment/Certificate of Insurance for a Genworth underwritten loan. You are not required to submit the documentation to us to satisfy the condition from the Commitment *unless* the underwriting condition explicitly instructs you to do so. Instead, the documentation that evidences satisfaction of the underwriting condition must be placed in the Loan File.

**Note:** *The verbal VOE is a good example of an underwriting condition that does not require re-submission of documentation to Genworth. Once obtained in accordance to our guidelines, the verbal VOE should be added to the Loan File only.*

#### 8.1.3 Extensions

Existing Commitments with imminent expiration dates will no longer be extended upon request. The loan may be insured as a new transaction with current documentation in accordance with the guidelines and rates in effect as of the new request.

#### 8.1.4 Commitment Reinstatements

Genworth will consider the reinstatement of a Commitment under the following conditions:

- **Unexpired Commitment** – A Commitment that has been cancelled, but the expiration date on the Commitment has not yet expired is eligible for reinstatement with no additional documentation requirements. The request to reinstate must be received prior to the Commitment expiration date.
- **Expired Commitment** – A Commitment that has expired may be eligible for reinstatement under the following conditions:
  - Loan is still insurable under Genworth's *Underwriting Guidelines* in effect on the date the reinstatement request is received by Genworth
  - A current Mortgage payment history must be submitted for review
  - All required Loan Payments since Loan close date have been received in full within the month due.
  - Additional documentation may be requested at Genworth's discretion

If you have a question about a cancelled Commitment, contact the Genworth ActionCenter® at 800.444.5664 or [action.center@Genworth.com](mailto:action.center@Genworth.com).

### 8.2 Changes Prior to Certification: Requiring Prior Approval (05/02/11)

Oftentimes changes are made to a loan after Genworth has issued a Commitment/Certificate of Insurance. A loan must be re-submitted to Genworth for approval if the changes alter a loan's eligibility, pricing or any of the terms under which the Commitment was issued.

Genworth will evaluate the changes and issue an amended Commitment/Certificate of Insurance if approved. The Commitment/Certificate of Insurance may be deemed null and void if the new terms result in a loan that no longer meets our eligibility requirements.

### 8.3 Changes Prior to Certification: Not Requiring Prior Approval (05/02/11)

Lenders may make some changes and corrections to the Commitment/Certificate of Insurance without submitting a new application or receiving prior approval from Genworth:

- Changes in renewal premium option (level or amortizing)
- Decrease in loan amount

- Typographical corrections to borrower's name or property address
- Decrease in the interest rate for fixed rate loan or ARM loan provided the new rate meets shortfall requirements

Changes not requiring prior approval may be made by indicating the correction on the Commitment copy remitted to Genworth. An amended Commitment/Certificate of Insurance will be issued.

#### **8.4 Modifications (03/23/09)**

Modification requests should be forwarded to our National Processing Center for prior approval.

Modifications of delinquent or potential delinquent loans should be referred to the National Loan Workout Center in Raleigh for review. Refer to specific instructions on our servicing website for U.S. Department of the Treasury Modification Programs.

#### **8.5 Closed Loans (03/17/14)**

Genworth may insure loans that were closed more than 120 days ago and were previously uninsured (or insured by another mortgage insurer) provided the loan meets our current underwriting guidelines. At a minimum, the following documentation must be submitted to our offices for underwriting:

- Complete copy of original Loan File
- A 12-month payment history or if a loan has not established a 12-month payment history, the payment history for the life of the loan must be submitted for review.
- Current credit report
- If the appraisal is more than 120 days old, an appraisal update with three new comps is required. A new appraisal (exterior only is acceptable) may be used to confirm value.
- Genworth may request additional documentation as deemed necessary for the underwriting decision

Mortgage insurance premiums are based on current rates and collected from original loan closing date.

#### **8.6 Pre-Approvals (10/01/14)**

Delegated loans must be fully documented (including the appraisal), underwritten, and determined to meet current guidelines prior to submission for mortgage insurance. A pre-approval or credit-only request where the subject property has not been determined must be submitted to our offices for underwriting. A pre-approval is conditional and is effective for 60 days from the date of issuance. No commitment is issued for a pre-approval.

#### **8.7 Certificate Activation (10/01/14)**

Use the following instructions to activate the mortgage insurance coverage:

##### **8.7.1 Zero Monthly Commitments**

Activation requires the submission of a loan close date and can be processed in either of the following ways:

- Log on to [www.MIServicing.Genworth.com](http://www.MIServicing.Genworth.com) and use the Certilink option to activate coverage. If you need access to the site, please contact the Genworth ActionCenter at 800.444.5664 or [action.center@Genworth.com](mailto:action.center@Genworth.com), or
- Fax the Commitment with the loan close date to 888.207.9024

##### **8.7.2 All Other Premium Plans (Annual, Monthly, Single Premium, Split Premium):**

Activation requires both the submission of a loan close date and the initial premium. The activation can be accomplished in either of the following ways:

- If paying via ACH/Wire include the Commitment number and loan close date in the reference section of the wire. Email [certinfo@genworth.com](mailto:certinfo@genworth.com) with payment information or if multiple Commitments are being activated. Contact the Genworth ActionCenter at 800.444.5664 or [action.center@Genworth.com](mailto:action.center@Genworth.com) for ACH/Wire instructions, or
- If remitting payment via check, please include the Commitment certificate and loan close date and mail to the address found in the Activation Instructions on the Commitment/Certificate of Insurance

### Appendix

As of September 8, 2014, delegated loans utilizing gift funds to meet the borrower's minimum contribution are allowed for submission via select Loan Origination System (LOS) integrations. The list of eligible LOS connections include the following:

- ASC Powerlender®
- E3/Harland® E3
- Encompass Direct
- FICS® Loan Producer
- Fiserv Unifi®PRO
- Fiserv easyLENDER®
- *LPS Empower®*
- Mortgagebot – Enterprise LOS™ (fka Avista)
- Mortgage Builder
- Mortgage Flex® LoanQuest®
- Prime Alliance

As of March 11, 2015, Integra Destiny has been added as an eligible LOS connection for submission of delegated loans utilizing gift funds to meet the borrower's minimum contribution.

As of August 12, 2015, PCLender™ has been added as an eligible LOS connection for submission of delegated loans utilizing gift funds to meet the borrower's minimum contribution.