What is MI?

Understanding the Basics of Mortgage Insurance

February 2019

Genworth

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Agenda

What we will cover

- Purpose of MI
- Rate Card and Genworth Rate *Express*®
- Products
- Paying Claims
- Guidelines, Tools and Resources
- Questions

All Lines Have Been Muted; Use The Questions Tab To Type In Your Questions

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What Is MI – The Basics

Who does Mortgage Insurance insure?

- Insures the LENDER not the borrower
- MI required on conventional loans sold to Fannie Mae or Freddie Mac when *LTV is greater than 80%
- FHA and VA loans are insured by HUD or the Veteran's Administration
- Different types of MI products are available
- Investors/Lenders restrict the "type" of MI they allow
- Every MI rate is filed as required by applicable state law
- Genworth is an approved MI provider by Fannie Mae and Freddie Mac
- MI is Not life or credit life insurance

*In most cases LTV is calculated by dividing the loan amount by lesser of the sales price or appraised value for a purchase or for a refinance use the loan amount divided by the appraised value

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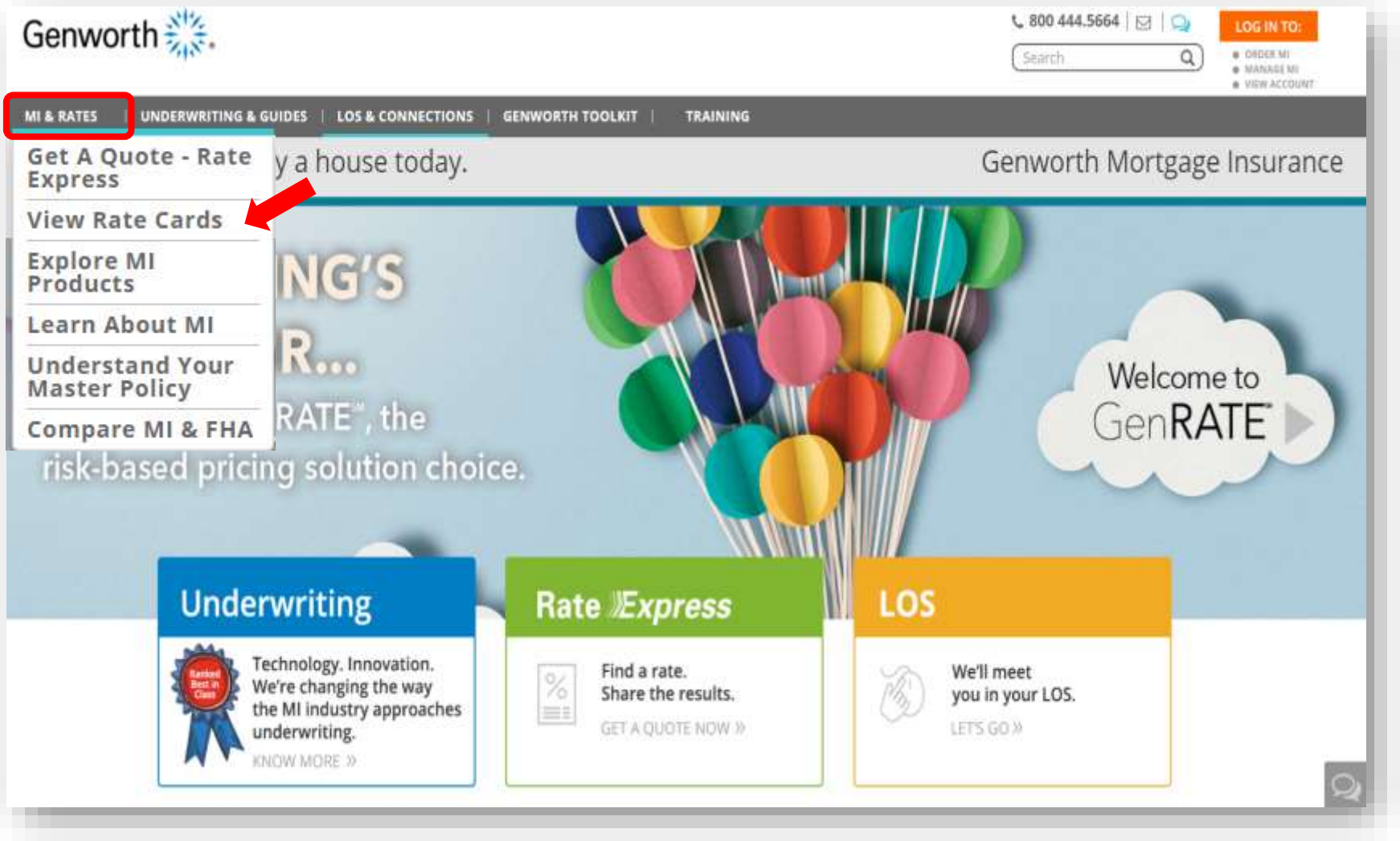
MI Products

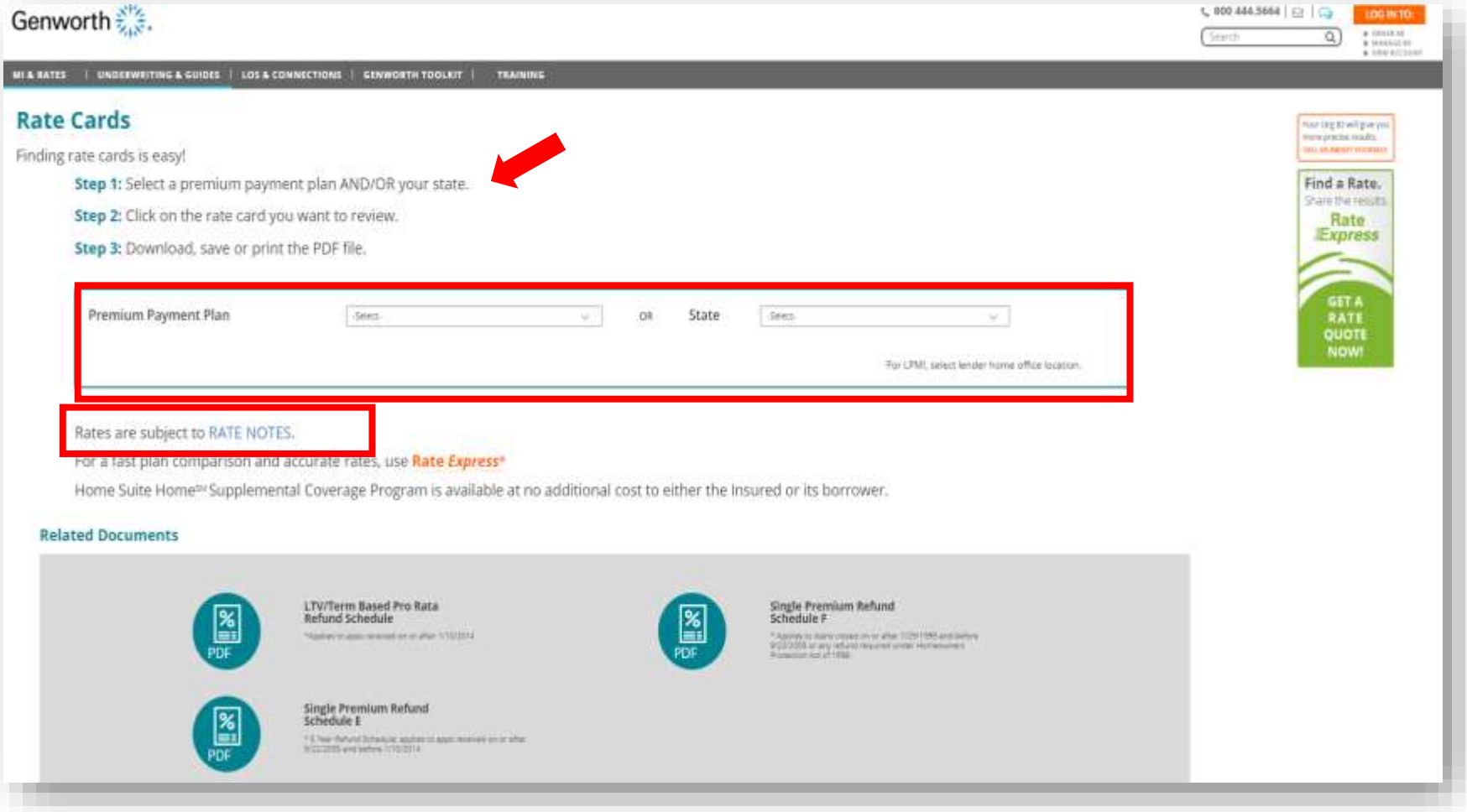
Genworth Mortgage Insurance products

- Borrower (BPMI) and Lender Paid (LPMI)
  - Monthly and Zero Monthly
- Borrower Paid and Lender Paid Standard Annual (Paid Monthly-remitted annually)
- Borrower Paid and Lender Paid Split Premium
- Borrower Paid and Lender Paid Single Premium

Genworth Offers Many Types Of Mortgage Insurance Products; Investors Dictate What Type Of MI They Allow

Genworth Rates and Rate Notes

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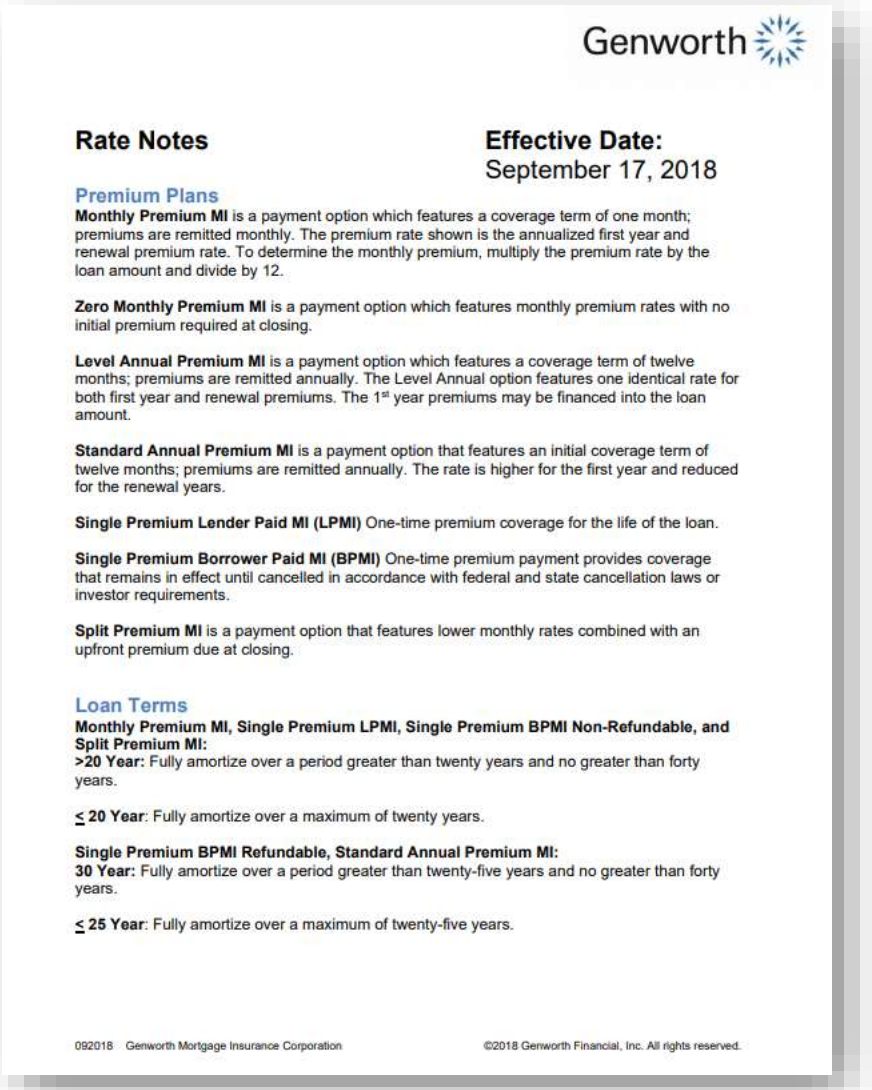
800.444.5664
LOG IN TO:
Search
MI & RATES | UNDERWRITING & GUIDES | LOS & CONNECTIONS | GENWORTH TOOLKIT | TRAINING
Rate Cards
Finding rate cards is easy!
Step 1: Select a premium payment plan AND/OR your state.
Step 2: Click on the rate card you want to review.
Step 3: Download, save or print the PDF file.
Premium Payment Plan
Select
OR
State
Select
For LPMI, select lender home office location.
Find a Rate.
Share the results.
Rate Express
GET A RATE QUOTE NOW!
Rates are subject to RATE NOTES.
For a fast plan comparison and accurate rates, use Rate Express®
Home Suite Home℠ Supplemental Coverage Program is available at no additional cost to either the Insured or its borrower.
Related Documents
PDF
LTV/Term Based Pro Rata Refund Schedule
PDF
Single Premium Refund Schedule F
PDF
Single Premium Refund Schedule E



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Rate Notes

Effective Date:
September 17, 2018

Premium Plans

Monthly Premium MI is a payment option which features a coverage term of one month; premiums are remitted monthly. The premium rate shown is the annualized first year and renewal premium rate. To determine the monthly premium, multiply the premium rate by the loan amount and divide by 12.

Zero Monthly Premium MI is a payment option which features monthly premium rates with no initial premium required at closing.

Level Annual Premium MI is a payment option which features a coverage term of twelve months; premiums are remitted annually. The Level Annual option features one identical rate for both first year and renewal premiums. The 1st year premiums may be financed into the loan amount.

Standard Annual Premium MI is a payment option that features an initial coverage term of twelve months; premiums are remitted annually. The rate is higher for the first year and reduced for the renewal years.

Single Premium Lender Paid MI (LPMI) One-time premium coverage for the life of the loan.

Single Premium Borrower Paid MI (BPMI) One-time premium payment provides coverage that remains in effect until cancelled in accordance with federal and state cancellation laws or investor requirements.

Split Premium MI is a payment option that features lower monthly rates combined with an upfront premium due at closing.

Loan Terms

Monthly Premium MI, Single Premium LPMI, Single Premium BPMI Non-Refundable, and Split Premium MI:
>20 Year: Fully amortize over a period greater than twenty years and no greater than forty years.

≤ 20 Year: Fully amortize over a maximum of twenty years.

Single Premium BPMI Refundable, Standard Annual Premium MI:
30 Year: Fully amortize over a period greater than twenty-five years and no greater than forty years.

≤ 25 Year: Fully amortize over a maximum of twenty-five years.

092018 Genworth Mortgage Insurance Corporation

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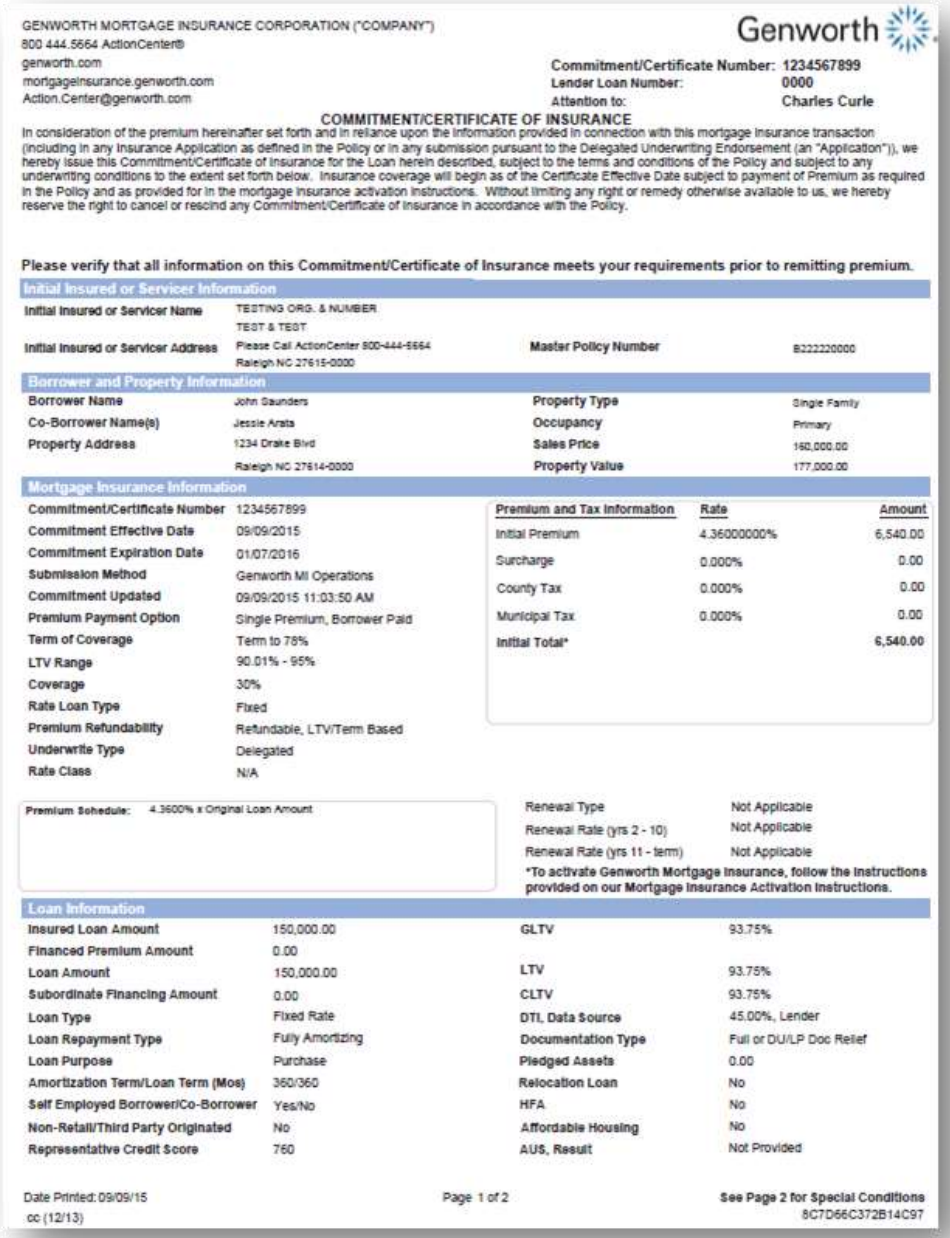
https://new-content.mortgageinsurance.genworth.com/documents/rate-cards/national/Rate%20Notes%20NAT_sept2018.pdf



GENWORTH MORTGAGE INSURANCE CORPORATION ("COMPANY")
800 444.5564 ActionCenter®
genworth.com
mortgageinsurance.genworth.com
Action.Center@genworth.com

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Commitment/Certificate Number: 1234567899
Lender Loan Number: 0000
Attention to: Charles Curle

COMMITMENT/CERTIFICATE OF INSURANCE

In consideration of the premium hereinafter set forth and in reliance upon the information provided in connection with this mortgage insurance transaction (including in any Insurance Application as defined in the Policy or in any submission pursuant to the Delegated Underwriting Endorsement (an "Application")), we hereby issue this Commitment/Certificate of Insurance for the Loan herein described, subject to the terms and conditions of the Policy and subject to any underwriting conditions to the extent set forth below. Insurance coverage will begin as of the Certificate Effective Date subject to payment of Premium as required in the Policy and as provided for in the mortgage insurance activation instructions. Without limiting any right or remedy otherwise available to us, we hereby reserve the right to cancel or rescind any Commitment/Certificate of Insurance in accordance with the Policy.

Please verify that all information on this Commitment/Certificate of Insurance meets your requirements prior to remitting premium.

Initial Insured or Servicer Information

Initial Insured or Servicer Name	TESTING ORG. & NUMBER TEST & TEST		
Initial Insured or Servicer Address	Please Call ActionCenter 800-444-5564 Raleigh NC 27615-0000	Master Policy Number	B222220000

Borrower and Property Information

Borrower Name	John Saunders	Property Type	Single Family
Co-Borrower Name(s)	Jessie Arata	Occupancy	Primary
Property Address	1234 Drake Blvd Raleigh NC 27614-0000	Sales Price Property Value	160,000.00 177,000.00

Mortgage Insurance Information

Commitment/Certificate Number	1234567899
Commitment Effective Date	09/09/2015
Commitment Expiration Date	01/07/2016
Submission Method	Genworth MI Operations
Commitment Updated	09/09/2015 11:03:50 AM
Premium Payment Option	Single Premium, Borrower Paid
Term of Coverage	Term to 78%
LTV Range	90.01% - 95%
Coverage	30%
Rate Loan Type	Fixed
Premium Refundability	Refundable, LTV/Term Based
Underwrite Type	Delegated
Rate Class	N/A

Premium and Tax Information	Rate	Amount
Initial Premium	4.36000000%	6,540.00
Surcharge	0.000%	0.00
County Tax	0.000%	0.00
Municipal Tax	0.000%	0.00
Initial Total*		**6,540.00**

Premium Schedule: 4.3600% x Original Loan Amount

Renewal Type	Not Applicable
Renewal Rate (yrs 2 - 10)	Not Applicable
Renewal Rate (yrs 11 - term)	Not Applicable

***To activate Genworth Mortgage Insurance, follow the instructions provided on our Mortgage Insurance Activation Instructions.**

Loan Information

Insured Loan Amount	150,000.00	GLTV	93.75%
Financed Premium Amount	0.00		
Loan Amount	150,000.00	LTV	93.75%
Subordinate Financing Amount	0.00	CLTV	93.75%
Loan Type	Fixed Rate	DTI, Data Source	45.00%, Lender
Loan Repayment Type	Fully Amortizing	Documentation Type	Full or DU/LP Doc Relief
Loan Purpose	Purchase	Pledged Assets	0.00
Amortization Term/Loan Term (Mos)	360/360	Relocation Loan	No
Self Employed Borrower/Co-Borrower	Yes/No	HFA	No
Non-Retail/Third Party Originated	No	Affordable Housing	No
Representative Credit Score	760	AUS, Result	Not Provided

Date Printed: 09/09/15
cc (12/13)

Page 1 of 2

See Page 2 for Special Conditions
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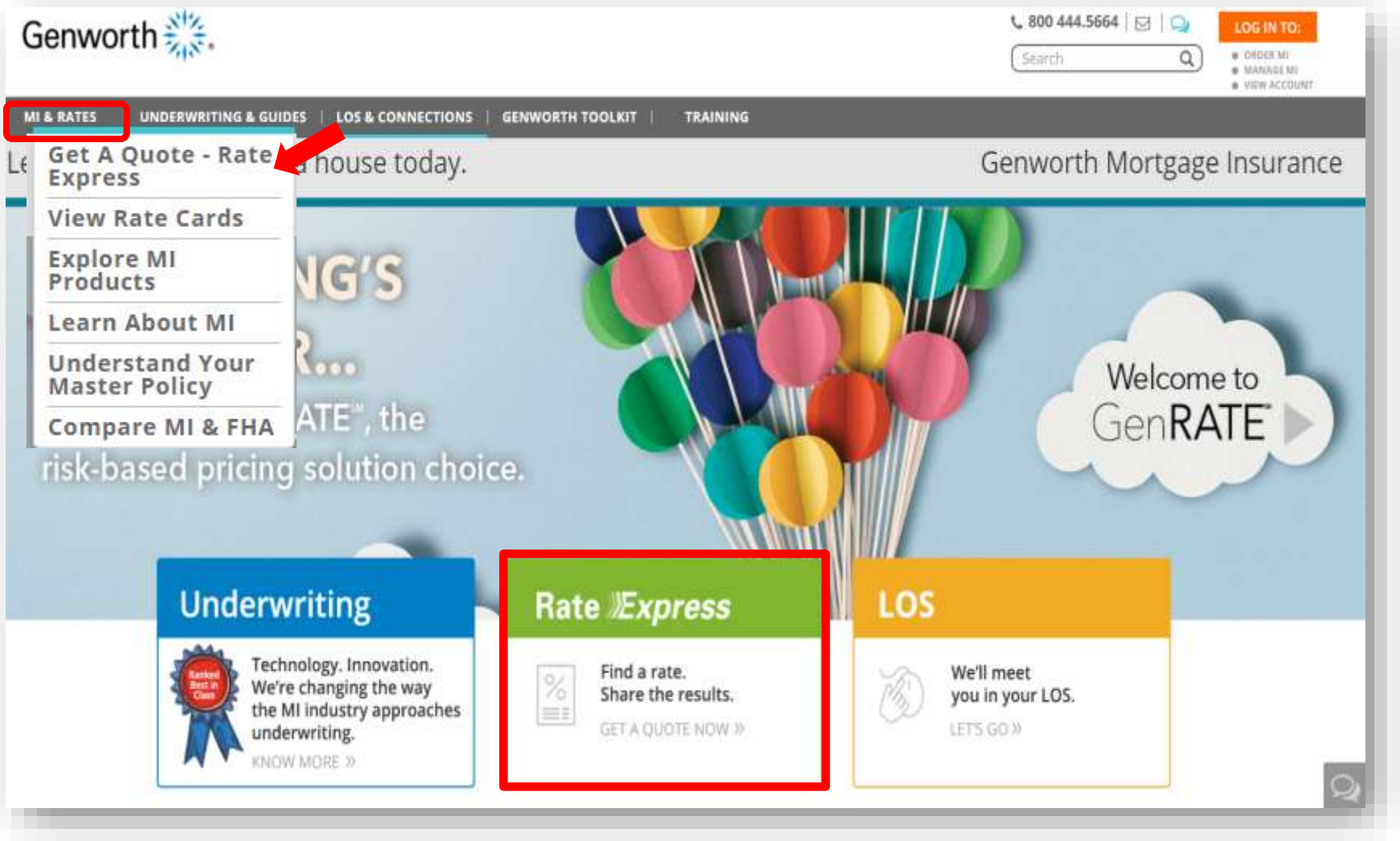
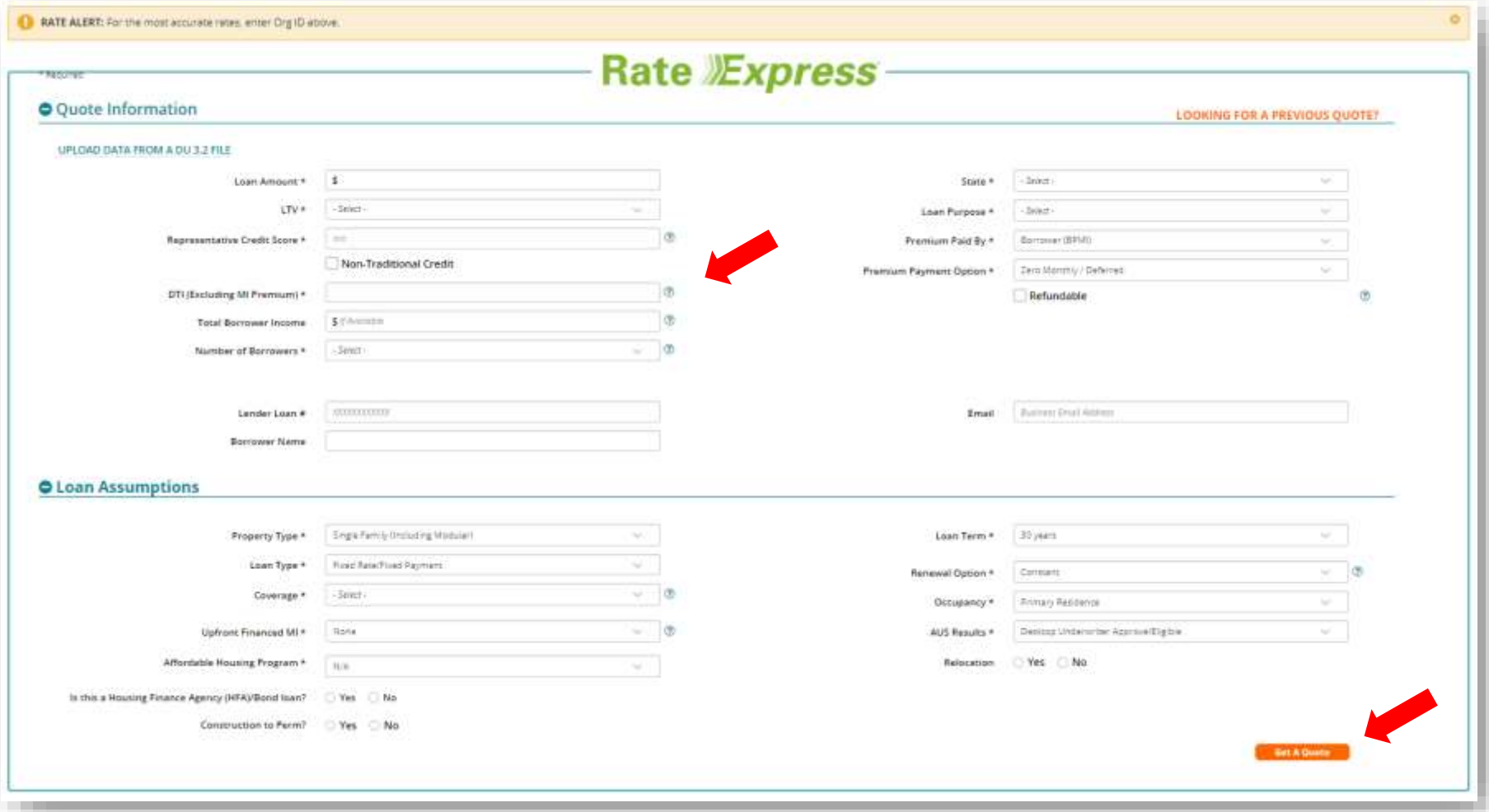
Genworth Rate *Express*®





$200,000 loan, 95% LTV, 30% coverage 760 score, BPMI*

*Example is using a Genworth Rate card

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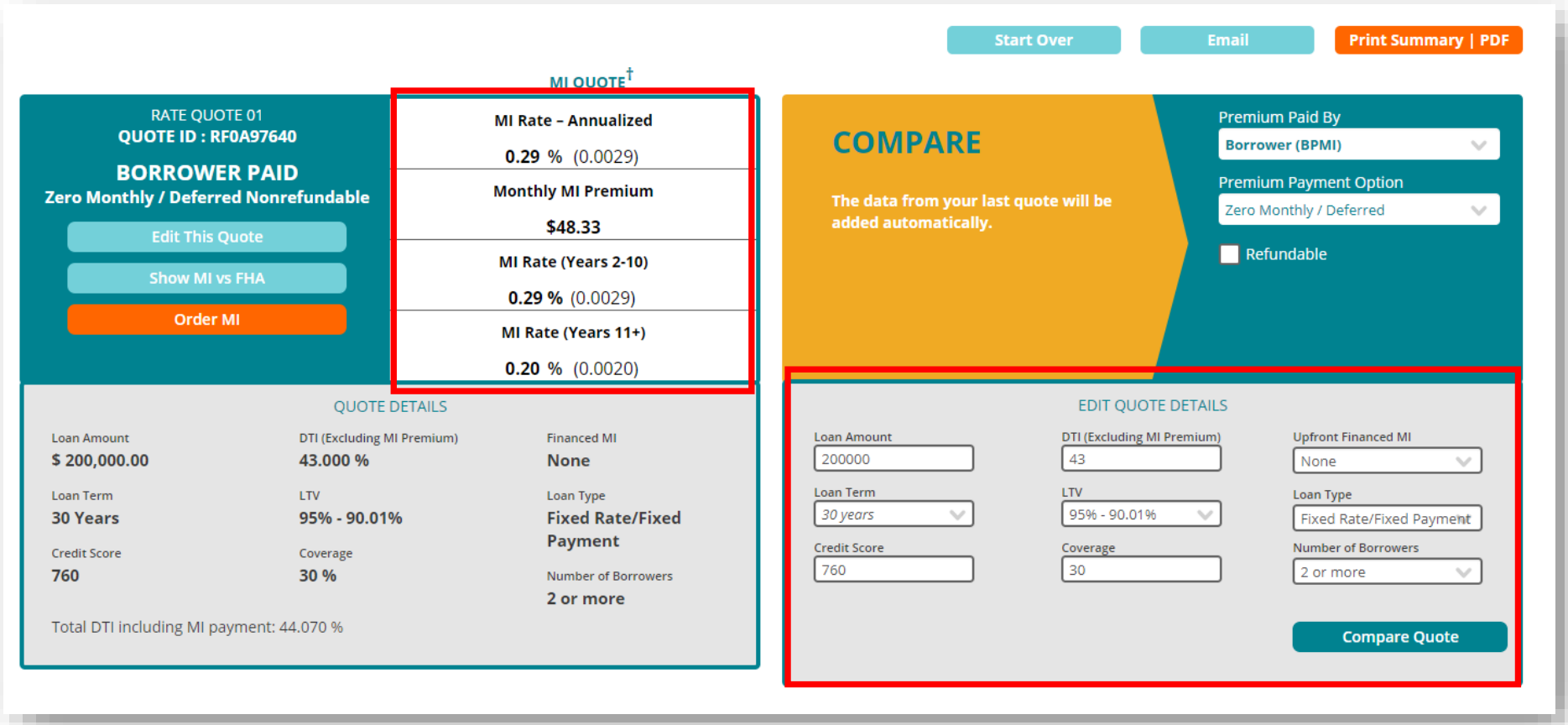
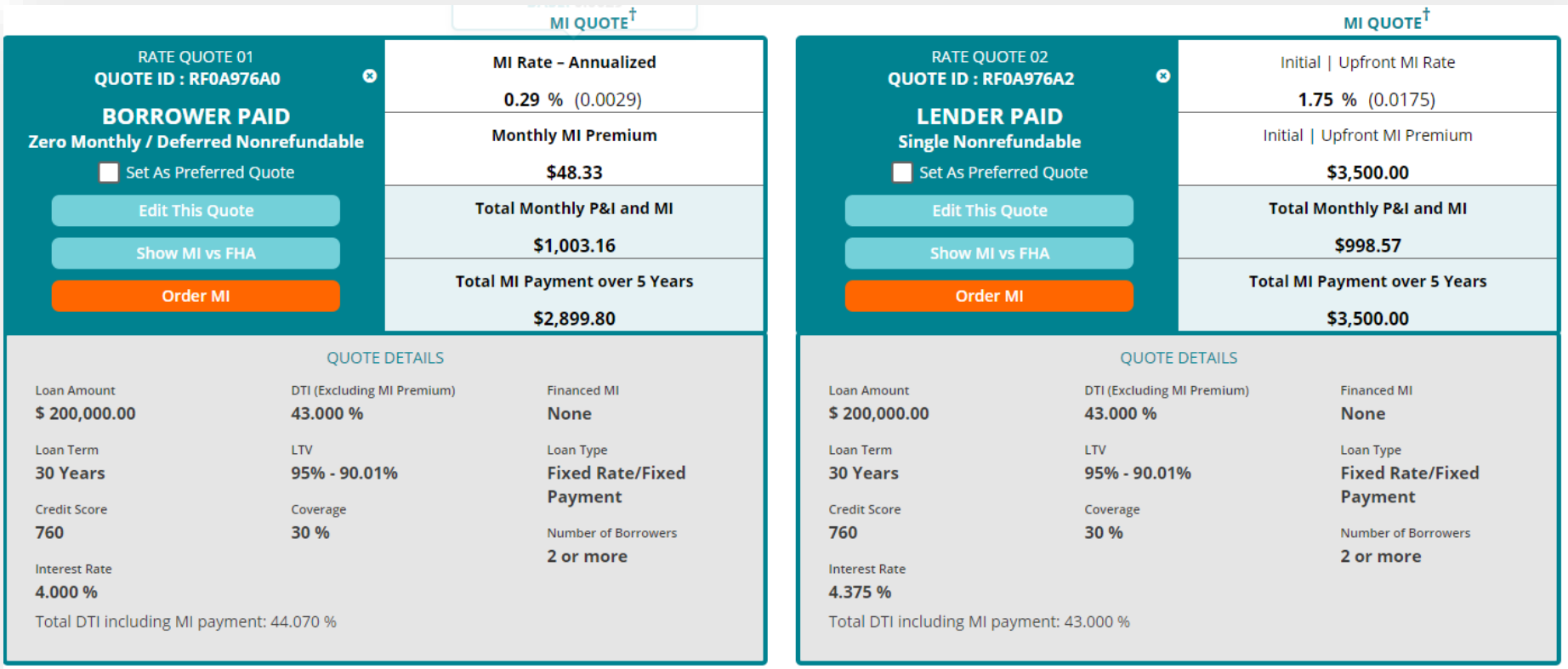
Genworth Rate *Express*



Quote Assumes Two Or More Borrowers On The Loan

*Example is using a Genworth Rate card

Genworth Rate *Express*



Easy To Compare Different MI Products To See Which Is Best For Your Borrower; Can Also Compare To FHA

*Example is using a Genworth Rate card

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Monthly Premium MI (BPMI and LPMI)

Monthly Premium MI

- Payment Option Which Features A Coverage Term Of One Month; Premiums Are Remitted Monthly.

Borrower Paid or Lender Paid

- Non-refundable
- When paid by lender bump up to the interest rate

Monthly or Zero Monthly

- What is collected at closing? Zero or two months?

Renewal Premiums

- For Constant Renewals:
  - The Renewal Premium Rate Is Applied To The Original Loan Balance For Years 1 Through 10.
  - For Years 11 Through Term, The Rate Is Reduced To 0.20% Or Remains The Same If The Rate Is Less Than 0.20%.
  - Premium Adjustments Do Not Apply To The 11th Year Rate Through Term.
  - Declining Renewal Premiums are also available

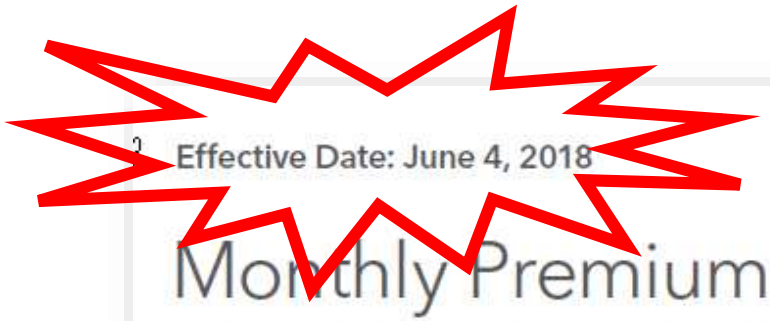
Lender Benefits

- Premium Does Not Count Against Qualified Mortgage (QM) Points & Fees[1]
- Simple To Process And Explain To Borrower… Payment Embedded In PITI
- Commonly Accepted – No Investor Restrictions
- Easier Processing & Lower Monthly Payments Than FHA Loans

[1]Per the CFPB's ATR/QM Small Entity Compliance Guide, monthly or annual PMI premiums are excluded from Points and Fees. The language can be found on page 38 of the guide which says the following:

"Private mortgage insurance (PMI) premiums: Exclude monthly or annual PMI premiums. You may also exclude up-front PMI premiums if the premium is refundable on a prorated basis and a refund is automatically issued upon loan satisfaction."

Monthly Premium MI (BPMI and LPMI)



Effective Date: June 4, 2018

Genworth

Monthly Premium MI (BPMI) – Fixed

Purchase, Full Doc, Primary Residence, Fixed or ARM ≥ 5 years

Fixed			Amortization Term > 20 Years							
LTV	Coverage	Exposure	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
97% -95.01%	35%	63%	.58%	.70%	.87%	.99%	1.21%	1.54%	1.65%	1.86%
	25	73	.46	.58	.70	.79	.98	1.23	1.31	1.50
	18	80	.39	.51	.61	.68	.85	1.05	1.17	1.27
95% -90.01%	30	67	.38	.53	.66	.78	.96	1.28	1.33	1.42
	25	71	.34	.48	.59	.68	.87	1.11	1.19	1.25
	16	80	.30	.40						
90% -85.01%	25	68	.28	.38						
	12	79	.22	.27	.32	.39	.46	.62	.65	.73
85% & Below	12	75	.19	.20	.23	.25	.28	.38	.40	.44
	6	80	.17	.19	.22	.24	.27	.37	.39	.42

90%	25	68	.28

Example of $150,000 loan amount, 90% LTV
Owner occupied, fixed rate, single family & FICO score ≥ 760

$150,000 x .28%= 420/12=
$35 per month

Borrower Paid Monthly Premium

Effective Date: June 4, 2018

Genworth

Monthly Premium MI (BPMI) – Fixed

Purchase, Full Doc, Primary Residence, Fixed or ARM ≥ 5 years

Adjustments	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
≥ 2 Borrower/97% LTV	-.13%	-.13%	-.13%	-.13%	-.14%	-.15%	-.16%	-.18%
≥ 2 Borrower/95% LTV	-.09	-.09	-.09	-.10	-.11	-.12	-.14	-.16
≥ 2 Borrower/90% LTV	-.07	-.07	-.07	-.07	-.08			
≥ 2 Borrower/85% LTV	-.03	-.03	-.03	-.03	-.03			
Investment Property	+.34	+.38	+.38	+.47	+.50			
3-4 Unit Property	+.34	+.38	+.38	+.47	+.50			
Second Home	+.12	+.13	+.14	+.17	+.20			
Manufactured Housing	+.18	+.20	+.20	+.25	+.30			
Cash-Out Refinance	+.18	+.20	+.20	+.25	+.25			
Relocation Loan	-.02	-.04	-.04	-.07	-.07			
Declining Renewal (BPMI only)	+.02	+.03	+.03	+.04	+.04			
Level Annual Refundable	-.02	-.03	-.03	-.04	-.04			
Refundable Monthly	+.01	+.01	+.01	+.02	+.02			
LPMI Monthly	+.04	+.06	+.08	+.11	+.13			
DTI > 45%/97% LTV	+.10	+.14	+.17	+.21	+.26			
DTI > 45%/95% LTV	+.09	+.11	+.14	+.18	+.23			
DTI > 45%/90% LTV	+.07	+.10	+.12	+.15	+.19			
DTI > 45%/85% LTV	+.03	+.04	+.05	+.05	+.07			

Note: Rates may not be available for all combinations of LTVs and credit scores. Rate Floor is .14% including premium adjustments. **Rates may not be available or approved in all states. Rates are subject to Rate Notes located at** new.mi.genworth.com

Ineligible per Un
Underwriting Gu

12869100.0518
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RATE QUOTE 01
QUOTE ID : RF0A977D6

BORROWER PAID
Zero Monthly / Deferred Nonrefundable

Edit This Quote
Show MI vs FHA
Order MI

MI Rate – Annualized
0.21 % (0.0021)

Monthly MI Premium
$26.25

MI Rate (Years 2-10)
0.21 % (0.0021)

MI Rate (Years 11+)
0.20 % (0.0020)

QUOTE DETAILS

Loan Amount **$ 150,000.00**	DTI (Excluding MI Premium) **41.000 %**	Financed MI **None**
Loan Term **30 Years**	LTV **90% - 85.01%**	Loan Type **Fixed Rate/Fixed Payment**
Credit Score **760**	Coverage **25 %**	Number of Borrowers **2 or more**

Total DTI including MI payment: 41.580 %

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Standard Annual (BPMI and LPMI)

Standard Annual Premium MI

– A Payment Option That Features An Initial Coverage Term Of Twelve Months; Premiums Remitted Annually. The Rate Is Higher For First Year And Reduced For Renewal Years.

Borrower Paid

– Refundable and Non-refundable Options

– Borrower paid can be financed (first year)

– All “annual MI premiums” excluded from fees/points from QM

Lender Paid

– Always non-refundable

– Interest Rate on loan is increased to include MI premium (See Secondary for Pricing)

Renewal Premiums

– Constant and Declining Renewals:

- Constant Renewal Premium Rate Is Applied To Original Loan Balance For Years 2 Through 10.
- For Years 11 Through Term, The Rate Is Reduced To 0.20%
- Premium Adjustments Do Not Apply To The 11th Year Rate Through Term.

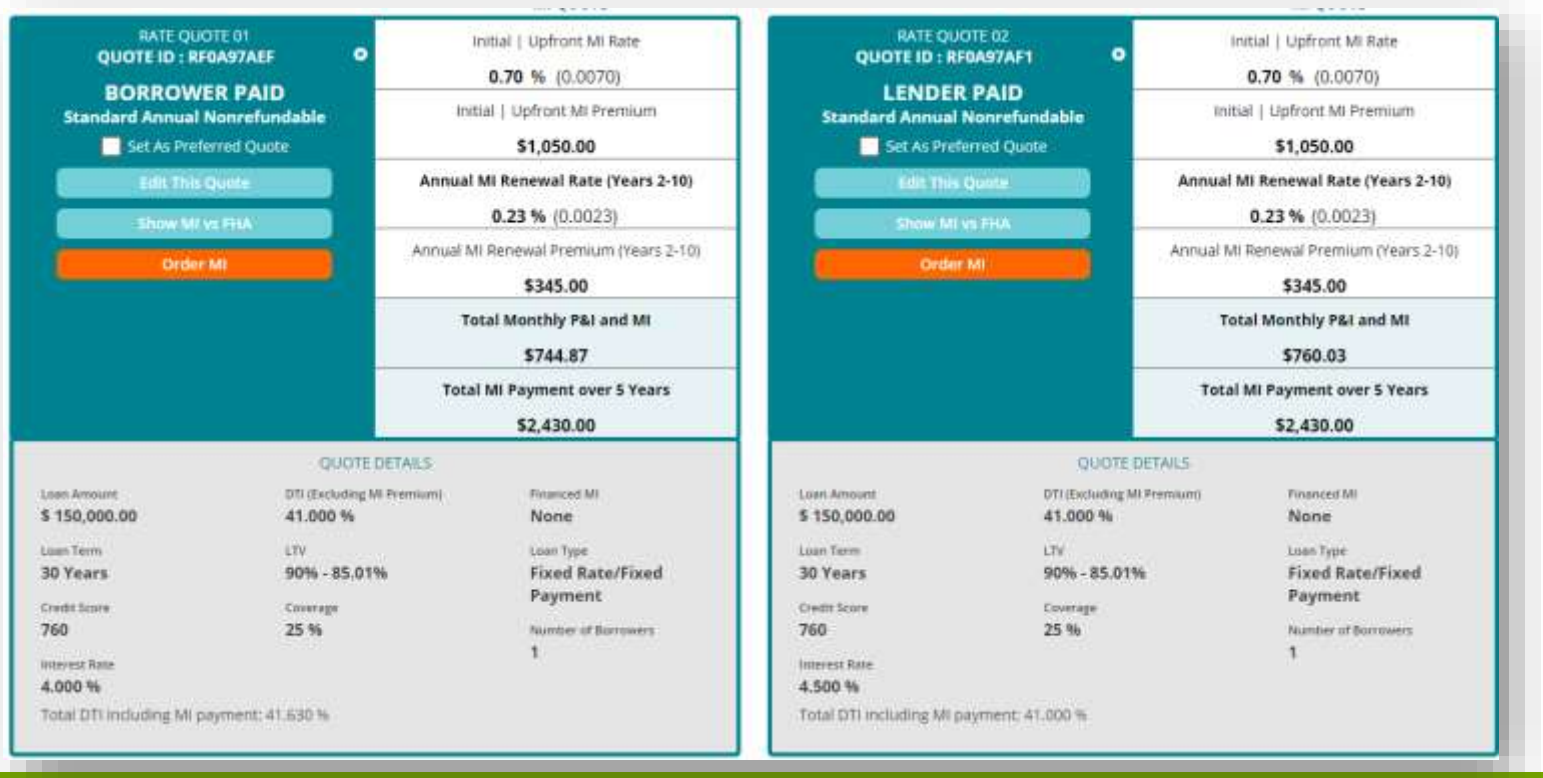
Lender Benefits

- Premium Does Not Count Against Qualified Mortgage (QM) Points & Fees[1]
- Easier Processing & Lower Monthly Payments Than FHA Loans

[1]Per the CFPB’s ATR/QM Small Entity Compliance Guide, monthly or annual PMI premiums are excluded from Points and Fees. The language can be found on page 38 of the guide which says the following:
“Private mortgage insurance (PMI) premiums: Exclude monthly or annual PMI premiums. You may also exclude up-front PMI premiums if the premium is refundable on a prorated basis and a refund is automatically issued upon loan satisfaction.”

Standard Annual (BPMI and LPMI)

Standard Annual Rate Cards Are Not On The Website



RATE QUOTE 01
QUOTE ID : RF0A97AEF
BORROWER PAID
Standard Annual Nonrefundable
Set As Preferred Quote
Edit This Quote
Show MI vs FHA
Order MI

Initial | Upfront MI Rate	0.70 % (0.0070)
Initial | Upfront MI Premium	$1,050.00
Annual MI Renewal Rate (Years 2-10)	0.23 % (0.0023)
Annual MI Renewal Premium (Years 2-10)	$345.00
Total Monthly P&I and MI	$744.87
Total MI Payment over 5 Years	$2,430.00

QUOTE DETAILS

Loan Amount: $ 150,000.00	DTI (Excluding MI Premium): 41.000 %	Financed MI: None
Loan Term: 30 Years	LTV: 90% - 85.01%	Loan Type: Fixed Rate/Fixed Payment
Credit Score: 760	Coverage: 25 %	Number of Borrowers: 1
Interest Rate: 4.000 %		

Total DTI including MI payment: 41.630 %

RATE QUOTE 02
QUOTE ID : RF0A97AF1
LENDER PAID
Standard Annual Nonrefundable
Set As Preferred Quote
Edit This Quote
Show MI vs FHA
Order MI

Initial | Upfront MI Rate	0.70 % (0.0070)
Initial | Upfront MI Premium	$1,050.00
Annual MI Renewal Rate (Years 2-10)	0.23 % (0.0023)
Annual MI Renewal Premium (Years 2-10)	$345.00
Total Monthly P&I and MI	$760.03
Total MI Payment over 5 Years	$2,430.00

QUOTE DETAILS

Loan Amount: $ 150,000.00	DTI (Excluding MI Premium): 41.000 %	Financed MI: None
Loan Term: 30 Years	LTV: 90% - 85.01%	Loan Type: Fixed Rate/Fixed Payment
Credit Score: 760	Coverage: 25 %	Number of Borrowers: 1
Interest Rate: 4.500 %		

Total DTI including MI payment: 41.000 %

Monthly Premium Included In Borrower Ratios Ends Up As $28.75 Per Month ($345/12 = $28.75)

**Example of $150,000 loan amount, 90% LTV*
Owner occupied, fixed rate, single family & FICO score ≥ 760 Rate of 4% and 4.5% for Lender paid scenario

*Example is using a Genworth Rate card and assumes one borrower

Split Premium (BPMI and LPMI)

Split Premium MI

- Payment Option That Features Lower Monthly Rates Combined With An Upfront Premium Due At Closing.

Borrower Paid

- Non-refundable : Non-refundable portion of premium included in points and fees for QM;
- Refundable Up front refundable premium up to 1.75% (current FHA premium rate) excluded from points and fees for QM, premiums above 1.75% are included in points and fees for QM
- Borrower Paid Up front premium can be financed into the loan amount

Lender Paid

- Lender paid Split is always non-refundable and excluded from fees and points for QM
- Interest Rate on loan is increased to include MI premium (See Secondary for Pricing)

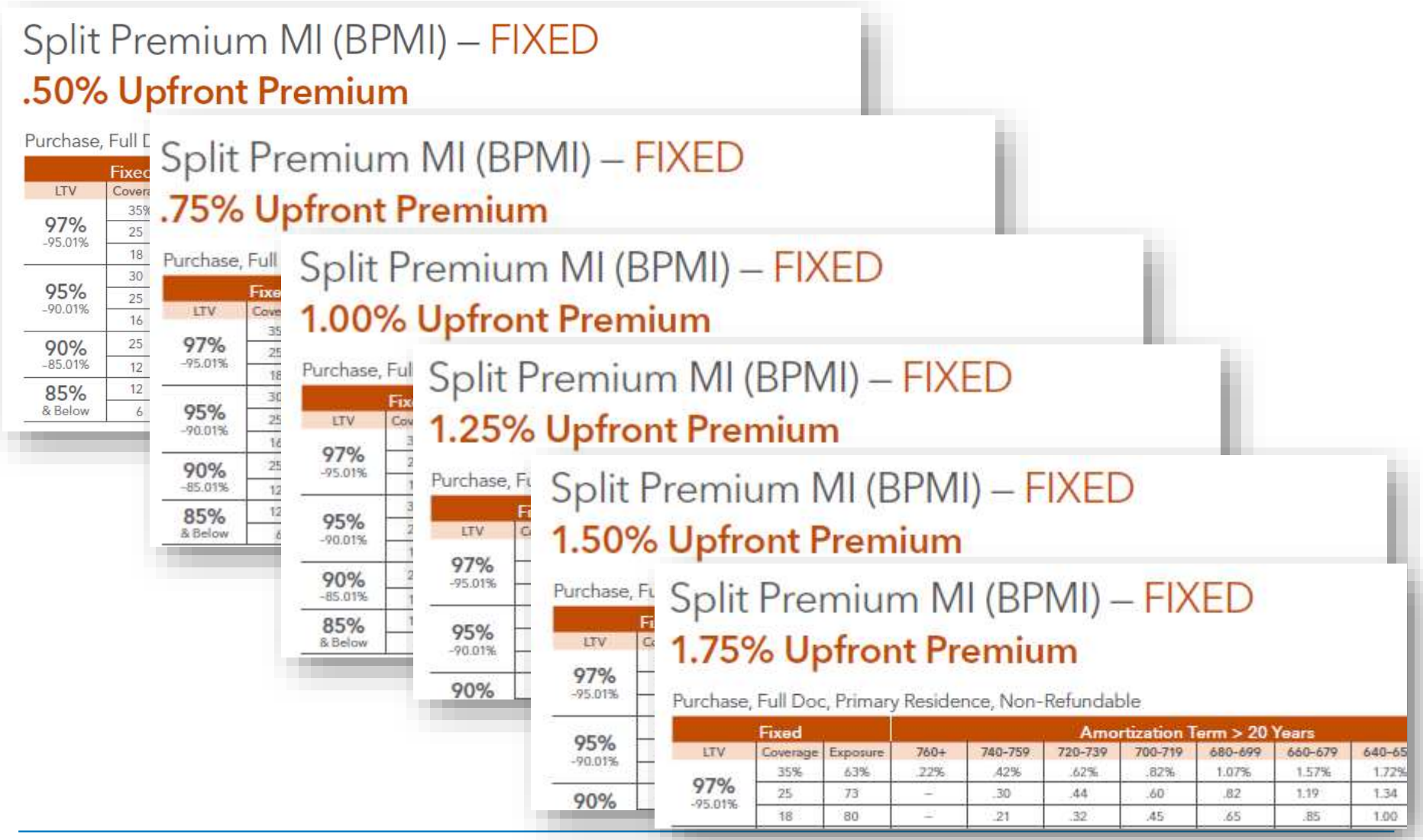
Renewal Premiums

- Constant Renewals (Only option):
  - The Renewal Premium Rate Is Applied To The Original Loan Balance For Years 2 Through 10.
  - For Years 11 Through Term, The Rate Is Reduced To 0.20% Or Remains The Same If The Rate Is Less Than 0.20%.
  - Premium Adjustments Do Not Apply To The 11th Year Rate Through Term.

Lender Benefits

- Provide Borrowers More Ways To Pay For MI (greater buying power options to structure loans)
- Qualify More Borrowers (seller contributions/concessions can be used to pay for premium)
- Easier Processing & Lower Monthly Payments Than FHA Loans

Six Split Premium Plans (Refundable/Non-Refundable Options)



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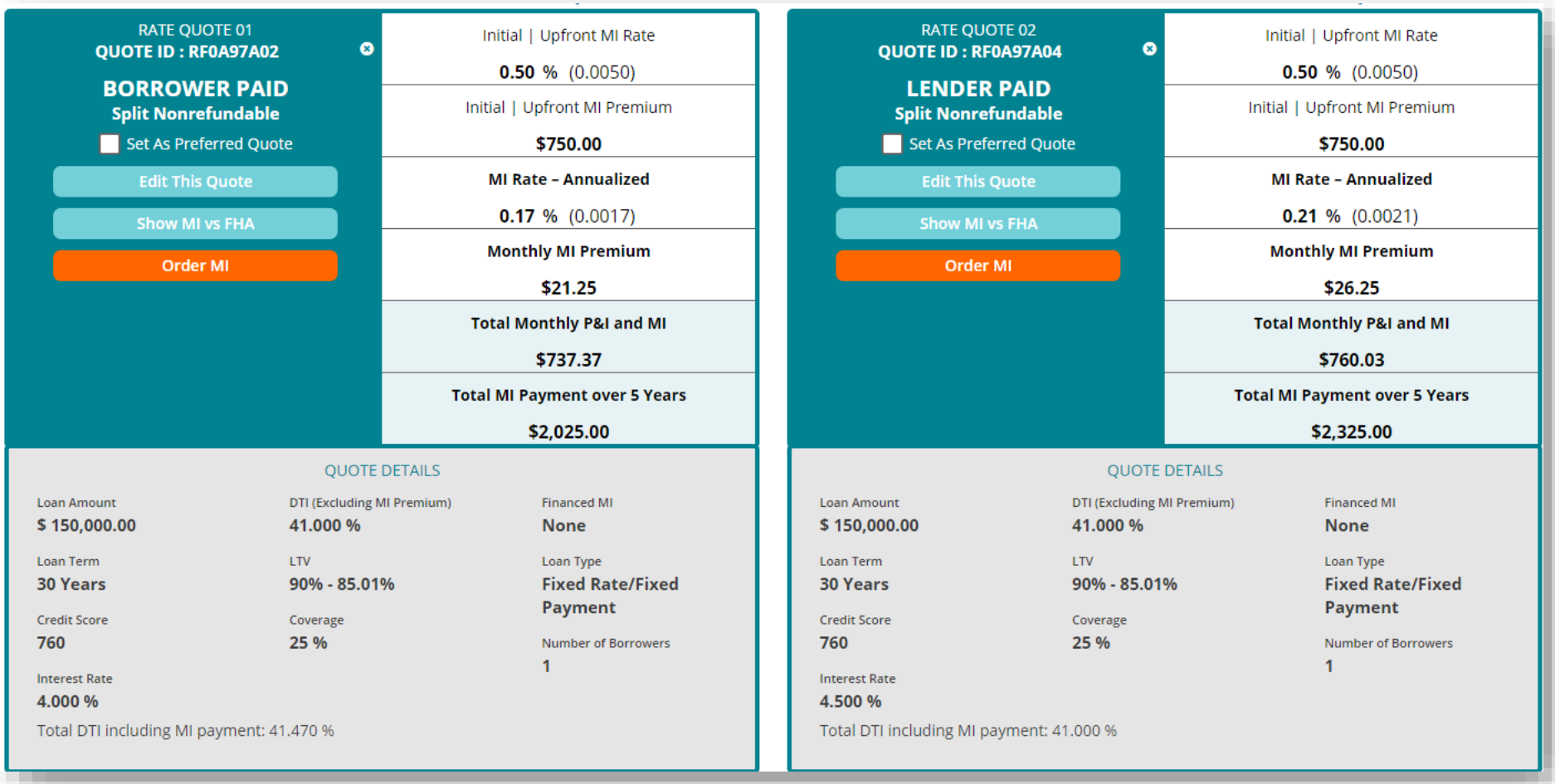
Non-Refundable Split Premium Plan #1



RATE QUOTE 01
QUOTE ID : RF0A97A02

BORROWER PAID
Split Nonrefundable

Set As Preferred Quote

Edit This Quote

Show MI vs FHA

Order MI

Initial | Upfront MI Rate	**0.50 %** (0.0050)
Initial | Upfront MI Premium	**$750.00**
MI Rate – Annualized	**0.17 %** (0.0017)
Monthly MI Premium	**$21.25**
Total Monthly P&I and MI	**$737.37**
Total MI Payment over 5 Years	**$2,025.00**

QUOTE DETAILS

Loan Amount: $ 150,000.00	DTI (Excluding MI Premium): 41.000 %	Financed MI: None
Loan Term: 30 Years	LTV: 90% - 85.01%	Loan Type: Fixed Rate/Fixed Payment
Credit Score: 760	Coverage: 25 %	Number of Borrowers: 1
Interest Rate: 4.000 %		

Total DTI including MI payment: 41.470 %

RATE QUOTE 02
QUOTE ID : RF0A97A04

LENDER PAID
Split Nonrefundable

Set As Preferred Quote

Edit This Quote

Show MI vs FHA

Order MI

Initial | Upfront MI Rate	**0.50 %** (0.0050)
Initial | Upfront MI Premium	**$750.00**
MI Rate – Annualized	**0.21 %** (0.0021)
Monthly MI Premium	**$26.25**
Total Monthly P&I and MI	**$760.03**
Total MI Payment over 5 Years	**$2,325.00**

QUOTE DETAILS

Loan Amount: $ 150,000.00	DTI (Excluding MI Premium): 41.000 %	Financed MI: None
Loan Term: 30 Years	LTV: 90% - 85.01%	Loan Type: Fixed Rate/Fixed Payment
Credit Score: 760	Coverage: 25 %	Number of Borrowers: 1
Interest Rate: 4.500 %		

Total DTI including MI payment: 41.000 %

**Example of $150,000 loan amount, 90% LTV, Premium Option Plan 1; Owner occupied, fixed rate, single family & FICO score ≥ 760*

*Example is using a Genworth Rate card and assumes 1 borrower

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Single Premiums (BPMI) or (LPMI)

Borrower Paid

- Provides Coverage Until The Loan Amortizes To 78% Of The Original Value, Unless Previously Cancelled
- Can be refundable or non-refundable
- Product must meet QM test for Borrower Paid: Allows for 1.75% to be excluded from points and fees for QM if refundable pro rata. Premiums amounts above 1.75% and non-refundable borrower paid singles must be included in QM fees and points
- Borrower paid single premiums can be financed into loan amount

Lender Paid

- Single Premium Lender Paid Options One–time Premium Coverage For The Life Of The Loan
- Lender paid premiums do not count against QM points and fees
- Lender Paid is always Non-refundable and cannot be financed into the loan amount
- See Secondary for Pricing

Lender Benefits

- Qualify More Borrowers
- Reduce Expenses – Underwrite & Process One Loan

Reminder: For BPMI non-refundable, the borrower may still get a refund if cancelled subject to HPA.

Non-Refundable BPMI Single Premium

Effective Date: May 7, 2018

Genworth

Single Premium MI – Non-Refundable (BPMI) – FIXED

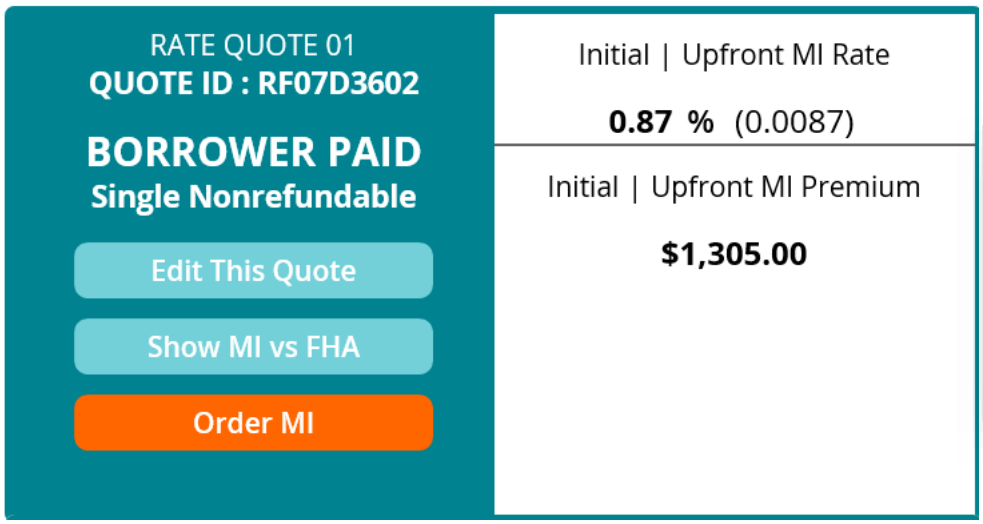
Full Doc, Primary Residence, Fixed or ARM ≥ 5 years

Fixed			Amortization Term > 20 Years							
LTV	Coverage	Exposure	760+	740-759	720-739	700-719	680-699	660-679	640-659	620-639
97% -95.01%	35%	63%	1.58%	2.19%	2.75%	3.18%	3.68%	4.65%	4.93%	–
	25	73	1.36	1.88	2.31	2.65	3.06	3.86	4.10	4.95%
	18	80	1.15	1.69	1.77	2.25	2.55	2.93	3.11	3.75
95% -90.01%	30	67	1.22	1.73	2.16	2.52	2.92	3.69	3.91	4.72
	25	71	1.20	1.59	2.11	2.41	2.79	3.52	3.74	4.51
	16	80	.96	1.26	1.65	1.81	1.98	2.27	2.41	2.91
90% -85.01%	25	68	.87	1.16	1.48	1.75	1.99	2.50	2.65	3.20
	12	79	.59	.74	.89	1.05	1.20	1.50	1.59	1.92
85% & Below	12	75	.47	.54	.64	.71	.85	1.00	1.06	1.27
	6	80	.43	.50	.59	.65	.78	.91	.96	1.16

Use A Lender Credit To Pay For The Premium; Not Counted In QM Fees And Points

8. Creditor-paid charges. (Comment 32(b)(1)-2))
Charges paid by the creditor, other than loan originator compensation paid by the creditor that is required to be included in point and fees under ~1026.32(b)(1)(ii), can be excluded from points and frees.
(Page 42 in *CFPB Compliance Guide*, per *CFPB* September 13th amendment)

Non-Refundable BPMI Single Premium



Example of $150,000 loan amount, 90% LTV
Owner occupied, fixed rate, single family & FICO score ≥ 760

*Example is using a Genworth Rate card and assumes 1 borrower

Use A Lender Credit To Pay For The Premium; Not Counted In QM Fees And Points

8. Creditor-paid charges. (Comment 32(b)(1)-2))
Charges paid by the creditor, other than loan originator compensation paid by the creditor that is required to be included in point and fees under ~1026.32(b)(1)(ii), can be excluded from points and frees.
(Page 42 in *CFPB Compliance Guide*, per *CFPB* September 13th amendment)

MI Helps How?

Borrower Benefits

- Less than 20% down
- Average homebuyer can take up to 10 years to save the 20% down
- MI can be cancelled-There are restrictions
  - MI can be cancelled by Lenders but Investors may have certain requirements when it can be cancelled
  - Homeowners Protection Act (HPA) requires that MI must be cancelled at 78%LTV unless Investor has parameters around defaulted situations
- Often more affordable than FHA loan
- Tax deductible in certain cases*
- Genworth supports Mortgage Loan Servicers to help borrowers stay in their homes and mitigate losses.

*Federal laws change/expire or can be renewed retroactive; Always seek professional tax advice to verify if your MI is tax deductible

Coverage and Exposure

Coverage – Percentage of Risk the MI company has

- Fannie Mae and Freddie Mac have coverage requirements
- Most investors follow Fannie/Freddie guidelines for MI coverage
- Lenders must ensure the required MI coverage is in force on the loan to deliver it

Exposure – The amount of Risk the lender has

- Most investors follow “exposure” requirements of Fannie Mae and Freddie Mac
- Determining “exposure” is not part of the credit underwriting of the mortgage
- Ensuring proper MI coverage is!

Required MI Coverage

Let's put numbers into the formula

- Appraisal Value/Sales Price $100,000
- Loan amount: $95,000 or 95% LTV ($95,000/$100,000 = 95%)
- Lender requires and MI provider will ensure 30% of the loan amount (which is the standard MI coverage for Fannie Mae and Freddie Mac)
  - $95,000 x 30% = $28,500
  - Exposure is calculated by taking loan amount minus the covered loan amount ($95,000 - $28,500 = $66,500) and dividing by the value of $100,000
  - Lender exposure will be $66,500/$100,000 or 67%

Mortgage Insurance Coverage Requirements				
	LTV Range			
Transaction Type	**80.01 - 85.00%**	**85.01 - 90.00%**	**90.01 - 95.00%**	**95.01 - 97.00%**
Fully amortizing fixed-rate, term ≤ 20 years	6%	12%	16%* + MI LLPA	18%* + MI LLPA
			25%^	35%^
Fully amortizing fixed rate, term > 20 years; ARMs; Interest-only; and Manufactured Homes	6%* + MI LLPA	12%* + MI LLPA	16%* + MI LLPA	18%* + MI LLPA
	12%^	25%^	30%^	35%^

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How is maximum MI Coverage Calculated?

Unpaid Insured Loan Balance: $176,000

Plus Allowable Foreclosure Costs: $ 18,000

Total Outstanding Balance/Costs: $194,000

Percentage of Coverage: 30%

Maximum Coverage: ($194,000 X 30% $ 58,200)

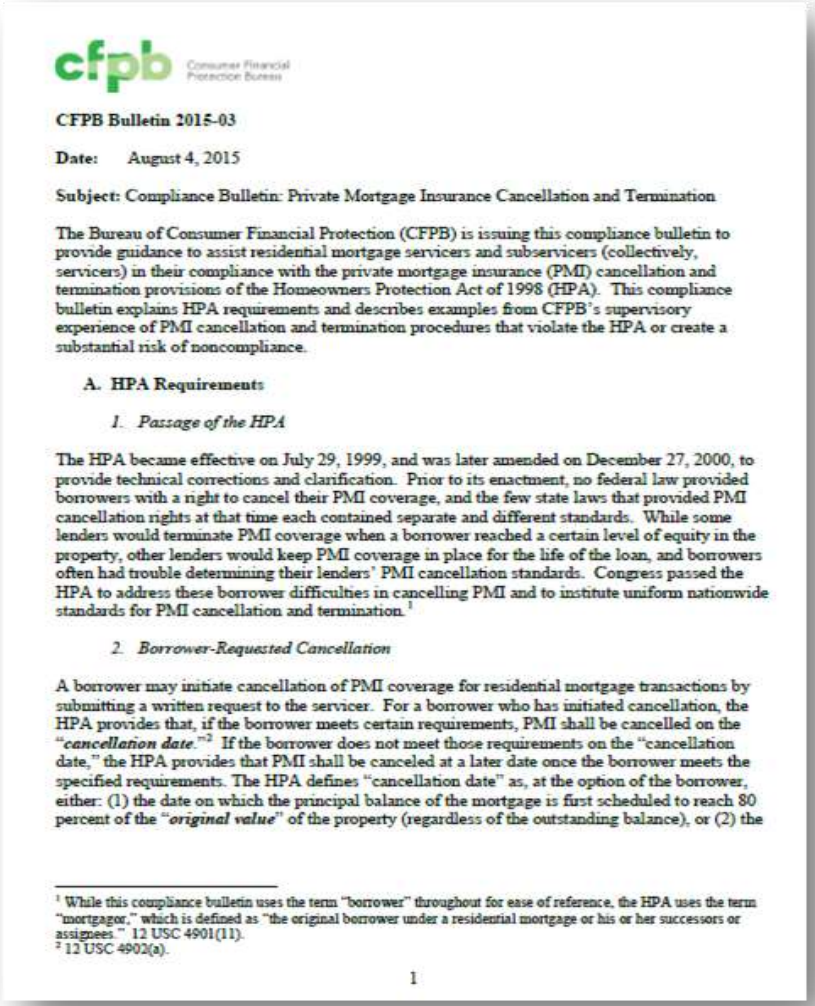
Genworth Will Pay The Lender Lesser Of The Maximum Coverage Or Actual Claim Amount

Calculation of Payment Claim to Lender

Total Outstanding Balance Costs:	**$194,000**
Less Pre-Foreclosure Sale Proceeds:	**$175,000**
Loss After Sale of Property:	**$ 19,000**
Payment due Lender in this case:	**$ 19,000***

***Genworth Would Pay The Lesser Of Maximum Claim Amount Of $58,200 ts Or Actual Loss Of $19,000 In This Case**

CFPB Bulletin 2015-03-Clarifies Only



cfpb Consumer Financial Protection Bureau

CFPB Bulletin 2015-03

Date: August 4, 2015

Subject: Compliance Bulletin: Private Mortgage Insurance Cancellation and Termination

The Bureau of Consumer Financial Protection (CFPB) is issuing this compliance bulletin to provide guidance to assist residential mortgage servicers and subservicers (collectively, servicers) in their compliance with the private mortgage insurance (PMI) cancellation and termination provisions of the Homeowners Protection Act of 1998 (HPA). This compliance bulletin explains HPA requirements and describes examples from CFPB's supervisory experience of PMI cancellation and termination procedures that violate the HPA or create a substantial risk of noncompliance.

A. HPA Requirements

1. Passage of the HPA

The HPA became effective on July 29, 1999, and was later amended on December 27, 2000, to provide technical corrections and clarification. Prior to its enactment, no federal law provided borrowers with a right to cancel their PMI coverage, and the few state laws that provided PMI cancellation rights at that time each contained separate and different standards. While some lenders would terminate PMI coverage when a borrower reached a certain level of equity in the property, other lenders would keep PMI coverage in place for the life of the loan, and borrowers often had trouble determining their lenders' PMI cancellation standards. Congress passed the HPA to address these borrower difficulties in cancelling PMI and to institute uniform nationwide standards for PMI cancellation and termination.[1]

2. Borrower-Requested Cancellation

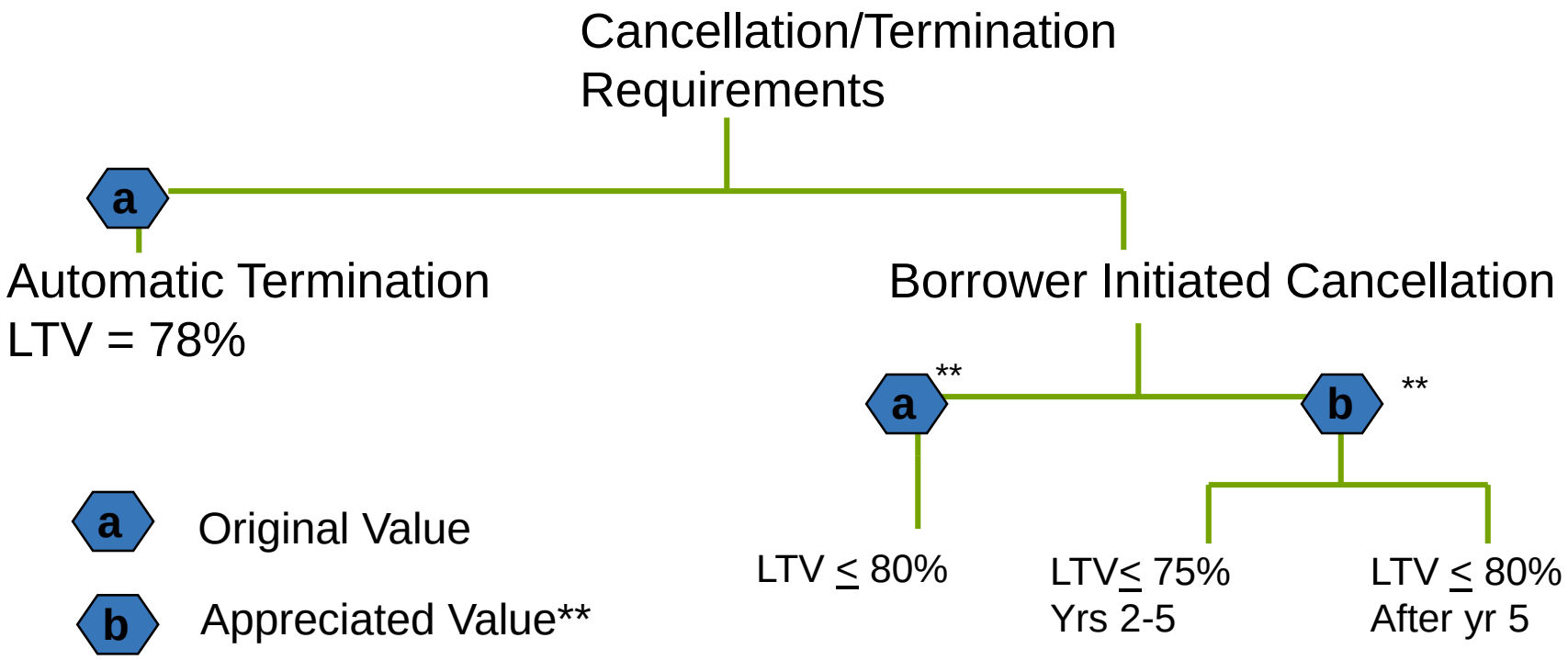
A borrower may initiate cancellation of PMI coverage for residential mortgage transactions by submitting a written request to the servicer. For a borrower who has initiated cancellation, the HPA provides that, if the borrower meets certain requirements, PMI shall be cancelled on the "***cancellation date***."[2] If the borrower does not meet those requirements on the "cancellation date," the HPA provides that PMI shall be canceled at a later date once the borrower meets the specified requirements. The HPA defines "cancellation date" as, at the option of the borrower, either: (1) the date on which the principal balance of the mortgage is first scheduled to reach 80 percent of the "***original value***" of the property (regardless of the outstanding balance), or (2) the

[1] While this compliance bulletin uses the term "borrower" throughout for ease of reference, the HPA uses the term "mortgagor," which is defined as "the original borrower under a residential mortgage or his or her successors or assignees." 12 USC 4901(11).
[2] 12 USC 4902(a).

1

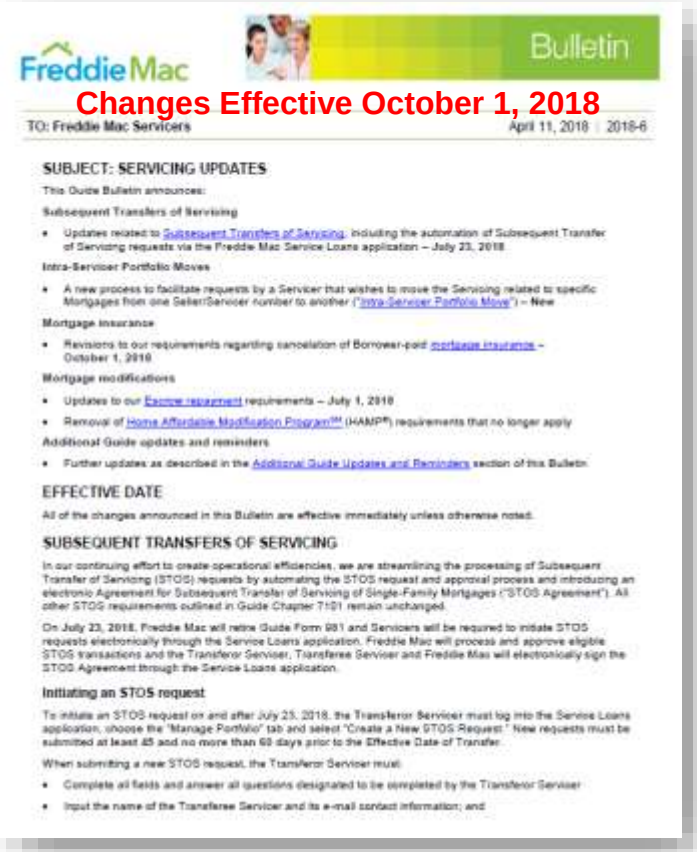
http://www.consumerfinance.gov/newsroom/cfpb-provides-guidance-about-private-mortgage-insurance-cancellation-and-termination/

Cancellation/Termination Requirements*



*HPA or Homeowners Protection Act applies to single family properties that are owner occupied and closed on or after 7/29/1999
**Other Restrictions May Apply

Fannie Mae And Freddie Mac MI Updates



Freddie Mac

Bulletin

Changes Effective October 1, 2018

TO: Freddie Mac Servicers — April 11, 2018 | 2018-6

SUBJECT: SERVICING UPDATES

This Guide Bulletin announces:

Subsequent Transfers of Servicing

- Updates related to Subsequent Transfers of Servicing, including the automation of Subsequent Transfer of Servicing requests via the Freddie Mac Service Loans application – July 23, 2018

Intra-Servicer Portfolio Moves

- A new process to facilitate requests by a Servicer that wishes to move the Servicing related to specific Mortgages from one Seller/Servicer number to another ("Intra-Servicer Portfolio Move") – New

Mortgage Insurance

- Revisions to our requirements regarding cancelation of Borrower-paid mortgage insurance – October 1, 2018

Mortgage modifications

- Updates to our Escrow requirement requirements – July 1, 2018
- Removal of Home Affordable Modification Program℠ (HAMP®) requirements that no longer apply

Additional Guide updates and reminders

- Further updates as described in the Additional Guide Updates and Reminders section of this Bulletin

EFFECTIVE DATE

All of the changes announced in this Bulletin are effective immediately unless otherwise noted.

SUBSEQUENT TRANSFERS OF SERVICING

In our continuing effort to create operational efficiencies, we are streamlining the processing of Subsequent Transfer of Servicing (STOS) requests by automating the STOS request and approval process and introducing an electronic Agreement for Subsequent Transfer of Servicing of Single-Family Mortgages ("STOS Agreement"). All other STOS requirements outlined in Guide Chapter 71.01 remain unchanged.

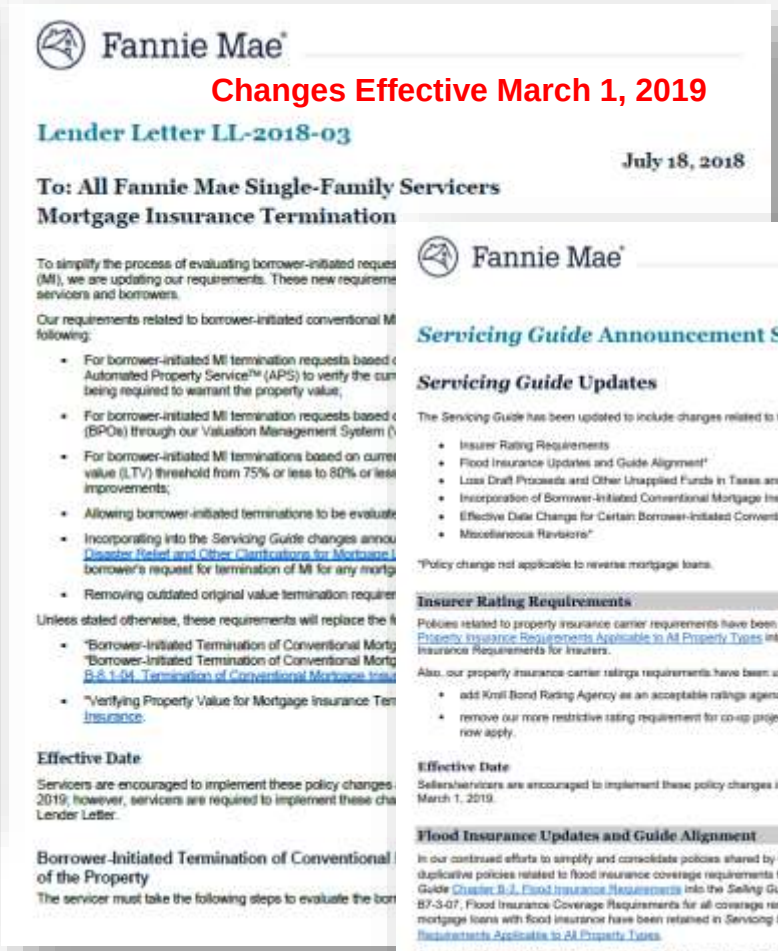
On July 23, 2018, Freddie Mac will retire Guide Form 981 and Servicers will be required to initiate STOS requests electronically through the Service Loans application. Freddie Mac will process and approve eligible STOS transactions and the Transferor Servicer, Transferee Servicer and Freddie Mac will electronically sign the STOS Agreement through the Service Loans application.

Initiating an STOS request

To initiate an STOS request on and after July 23, 2018, the Transferor Servicer must log into the Service Loans application, choose the "Manage Portfolio" tab and select "Create a New STOS Request." New requests must be submitted at least 45 and no more than 60 days prior to the Effective Date of Transfer.

When submitting a new STOS request, the Transferor Servicer must:

- Complete all fields and answer all questions designated to be completed by the Transferor Servicer
- Input the name of the Transferee Servicer and its e-mail contact information; and



Fannie Mae

Changes Effective March 1, 2019

Lender Letter LL-2018-03

July 18, 2018

To: All Fannie Mae Single-Family Servicers

Mortgage Insurance Termination

To simplify the process of evaluating borrower-initiated reques
(MI), we are updating our requirements. These new requireme
servicers and borrowers.

Our requirements related to borrower-initiated conventional M
following:

- For borrower-initiated MI termination requests based
Automated Property Service℠ (APS) to verify the cur
being required to warrant the property value;
- For borrower-initiated MI termination requests based
(BPOs) through our Valuation Management System (
- For borrower-initiated MI terminations based on curre
value (LTV) threshold from 75% or less to 80% or les
improvements;
- Allowing borrower-initiated terminations to be evaluat
- Incorporating into the *Servicing Guide* changes annou
Disaster Relief and Other Clarifications for Mortgage
borrower's request for termination of MI for any mortg
- Removing outdated original value termination requir

Unless stated otherwise, these requirements will replace the f

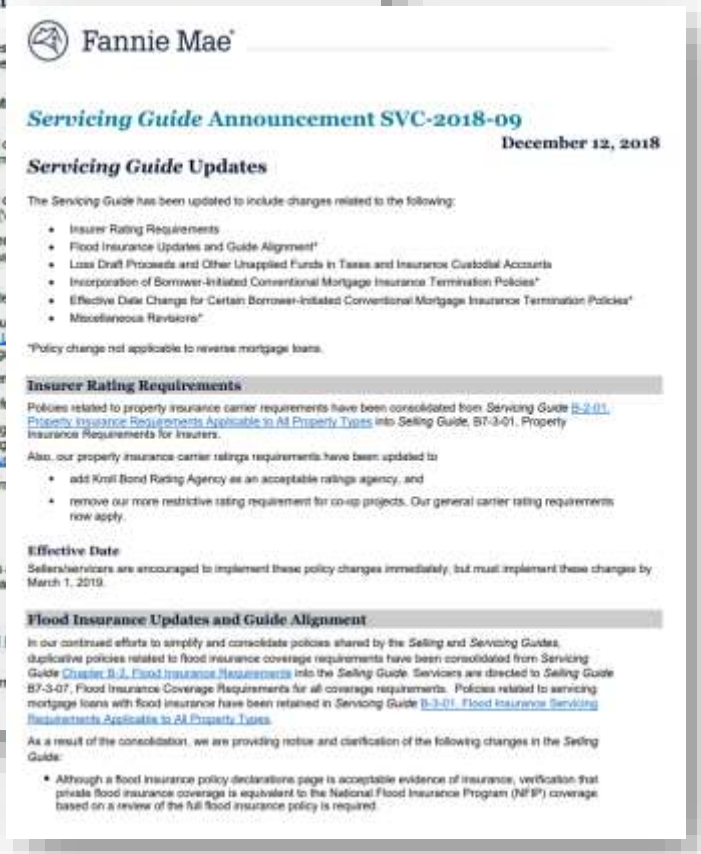
- "Borrower-Initiated Termination of Conventional Mortg
"Borrower-Initiated Termination of Conventional Mortg
B-8.1-04, Termination of Conventional Mortgage Insu
- "Verifying Property Value for Mortgage Insurance Ter
Insurance."

Effective Date

Servicers are encouraged to implement these policy changes
2019; however, servicers are required to implement these cha
Lender Letter.

Borrower-Initiated Termination of Conventional
of the Property

The servicer must take the following steps to evaluate the bor



Fannie Mae

***Servicing Guide* Announcement SVC-2018-09**

December 12, 2018

***Servicing Guide* Updates**

The Servicing Guide has been updated to include changes related to the following:

- Insurer Rating Requirements
- Flood Insurance Updates and Guide Alignment*
- Loss Draft Proceeds and Other Unapplied Funds in Taxes and Insurance Custodial Accounts
- Incorporation of Borrower-Initiated Conventional Mortgage Insurance Termination Policies*
- Effective Date Change for Certain Borrower-Initiated Conventional Mortgage Insurance Termination Policies*
- Miscellaneous Revisions*

*Policy change not applicable to reverse mortgage loans.

Insurer Rating Requirements

Policies related to property insurance carrier requirements have been consolidated from *Servicing Guide* B-2-01, Property Insurance Requirements Applicable to All Property Types into *Selling Guide*, B7-3-01, Property Insurance Requirements for Insurers.

Also, our property insurance carrier ratings requirements have been updated to:

- add Kroll Bond Rating Agency as an acceptable ratings agency, and
- remove our more restrictive rating requirement for co-op projects. Our general carrier rating requirements now apply.

Effective Date

Sellers/servicers are encouraged to implement these policy changes immediately, but must implement these changes by March 1, 2019.

Flood Insurance Updates and Guide Alignment

In our continued efforts to simplify and consolidate policies shared by the *Selling* and *Servicing Guides*, duplicative policies related to flood insurance coverage requirements have been consolidated from *Servicing Guide* Chapter B-2, Flood Insurance Requirements into the *Selling Guide*. Servicers are directed to *Selling Guide* B7-3-07, Flood Insurance Coverage Requirements for all coverage requirements. Policies related to servicing mortgage loans with flood insurance have been retained in *Servicing Guide* B-3-01, Flood Insurance Servicing Requirements Applicable to All Property Types.

As a result of the consolidation, we are providing notice and clarification of the following changes in the *Selling Guide*:

- Although a flood insurance policy declarations page is acceptable evidence of insurance, verification that private flood insurance coverage is equivalent to the National Flood Insurance Program (NFIP) coverage based on a review of the full flood insurance policy is required.

Highlights of Changes

Both Fannie and Freddie

- Allow borrower-initiated MI terminations to be evaluated based on a borrower's written or verbal request
- For requests to cancel mortgage insurance on the basis of substantial improvements to the Mortgaged Premises, descriptions and examples of what constitutes substantial improvements for MI cancelation have been provided

Fannie Mae Only (Lender Letter LL-2018-03 & SVC 2018-09)

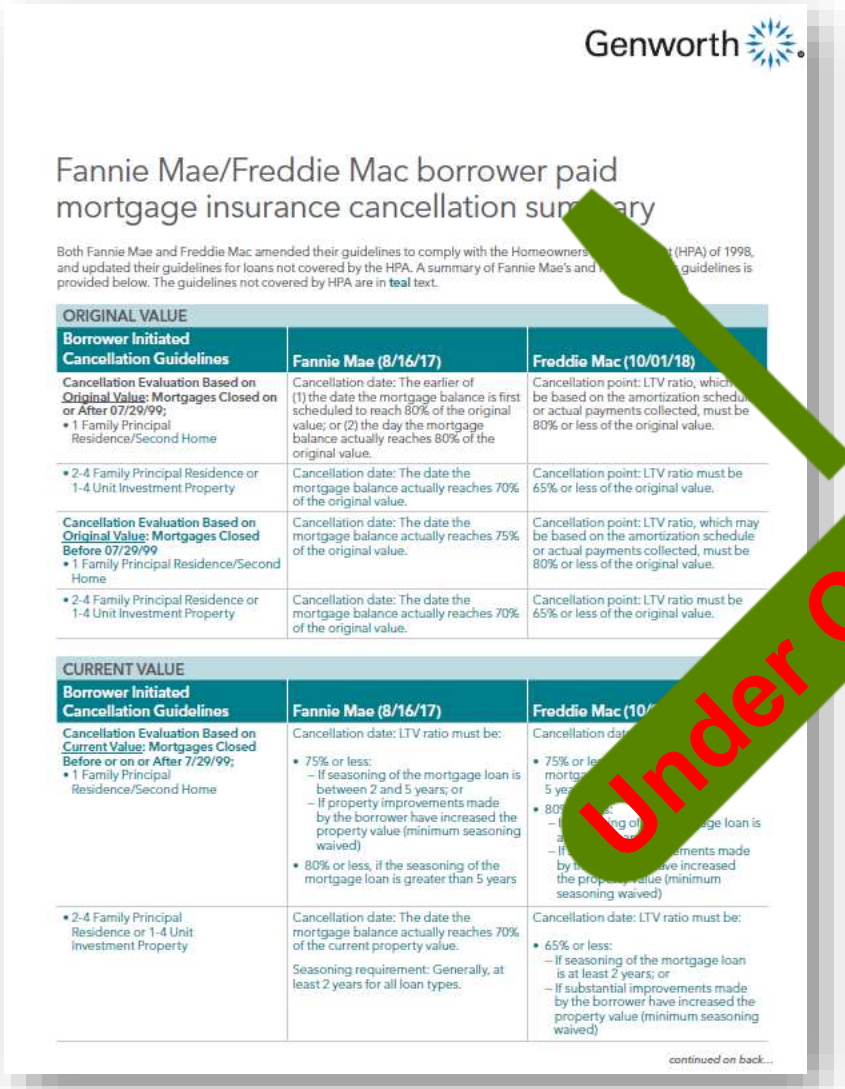
- For borrower-initiated MI terminations based on current value with property improvements, changing the loan-to-value (LTV) threshold from 75% or less to 80% or less
- For borrower-initiated MI termination requests based on **original value**, requiring the use of Fannie Mae's servicing solution system to verify the current value (no decline) of the property, resulting in servicers no longer being required to warrant the property value
- For borrower-initiated MI terminations to based on **current value**, requiring the use of broker price opinions (BPOs) through Fannie Mae's servicing solutions system to verify the current value of the property
- Servicers are encouraged to implement these changes as early as January 1, 2019, however, servicers are required to implement these changes by March 1, 2019

Highlights of Changes

Freddie Mac Only (Bulletin 2018-06)

- For borrower-initiated MI terminations based on **original** value: Clarifies that a Servicer is NOT required to also order and obtain a "current value"
- For borrower-initiated MI terminations based on **current value:** For evidence of current value Servicers are required to verify the current value by ordering and obtaining a new BPO through BPOdirect®, unless applicable law requires that an appraisal be used or it is determined to be in the Borrower's best interest
- Changes Effective October 1, 2018, however, Servicers may implement earlier if they are able to do so

Cancellation/Termination Summary



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Fannie Mae/Freddie Mac borrower paid mortgage insurance cancellation sum ary

Both Fannie Mae and Freddie Mac amended their guidelines to comply with the Homeowners t (HPA) of 1998, and updated their guidelines for loans not covered by the HPA. A summary of Fannie Mae's and guidelines is provided below. The guidelines not covered by HPA are in teal text.

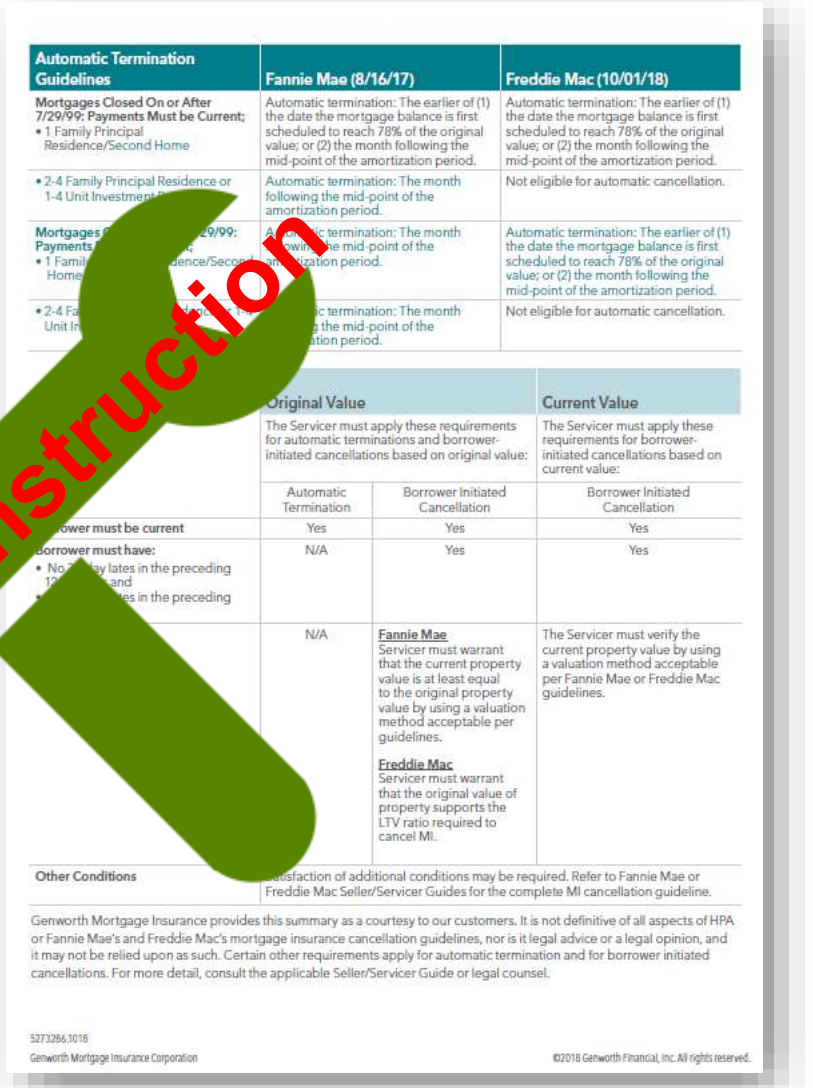
ORIGINAL VALUE

Borrower Initiated Cancellation Guidelines	Fannie Mae (8/16/17)	Freddie Mac (10/01/18)
Cancellation Evaluation Based on Original Value: Mortgages Closed on or After 07/29/99; • 1 Family Principal Residence/Second Home	Cancellation date: The earlier of (1) the date the mortgage balance is first scheduled to reach 80% of the original value; or (2) the day the mortgage balance actually reaches 80% of the original value.	Cancellation point: LTV ratio, which be based on the amortization schedu or actual payments collected, must be 80% or less of the original value.
• 2-4 Family Principal Residence or 1-4 Unit Investment Property	Cancellation date: The date the mortgage balance actually reaches 70% of the original value.	Cancellation point: LTV ratio must be 65% or less of the original value.
Cancellation Evaluation Based on Original Value: Mortgages Closed Before 07/29/99 • 1 Family Principal Residence/Second Home	Cancellation date: The date the mortgage balance actually reaches 75% of the original value.	Cancellation point: LTV ratio, which may be based on the amortization schedule or actual payments collected, must be 80% or less of the original value.
• 2-4 Family Principal Residence or 1-4 Unit Investment Property	Cancellation date: The date the mortgage balance actually reaches 70% of the original value.	Cancellation point: LTV ratio must be 65% or less of the original value.

CURRENT VALUE

Borrower Initiated Cancellation Guidelines	Fannie Mae (8/16/17)	Freddie Mac (10/
Cancellation Evaluation Based on Current Value: Mortgages Closed Before or on or After 7/29/99; • 1 Family Principal Residence/Second Home	Cancellation date: LTV ratio must be: • 75% or less: – If seasoning of the mortgage loan is between 2 and 5 years; or – If property improvements made by the borrower have increased the property value (minimum seasoning waived) • 80% or less, if the seasoning of the mortgage loan is greater than 5 years	Cancellation dat • 75% or le mortg 5 ye • 80 – – ge loan is ements made ve increased (minimum seasoning waived)
• 2-4 Family Principal Residence or 1-4 Unit Investment Property	Cancellation date: The date the mortgage balance actually reaches 70% of the current property value. Seasoning requirement: Generally, at least 2 years for all loan types.	Cancellation date: LTV ratio must be: • 65% or less: – If seasoning of the mortgage loan is at least 2 years; or – If substantial improvements made by the borrower have increased the property value (minimum seasoning waived)

continued on back...



Automatic Termination Guidelines	Fannie Mae (8/16/17)	Freddie Mac (10/01/18)
Mortgages Closed On or After 7/29/99; Payments Must be Current; • 1 Family Principal Residence/Second Home	Automatic termination: The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the month following the mid-point of the amortization period.	Automatic termination: The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the month following the mid-point of the amortization period.
• 2-4 Family Principal Residence or 1-4 Unit Investment	Automatic termination: The month following the mid-point of the amortization period.	Not eligible for automatic cancellation.
Mortgages 29/99: Payments • 1 Famil Home	ic termination: The month e mid-point of the tization period.	Automatic termination: The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the month following the mid-point of the amortization period.
• 2-4 Fa Unit In	ic termination: The month the mid-point of the tion period.	Not eligible for automatic cancellation.

	Original Value		Current Value
	The Servicer must apply these requirements for automatic terminations and borrower-initiated cancellations based on original value:		The Servicer must apply these requirements for borrower-initiated cancellations based on current value:
	Automatic Termination	Borrower Initiated Cancellation	Borrower Initiated Cancellation
ower must be current	Yes	Yes	Yes
Borrower must have: • No ay lates in the preceding 1 and es in the preceding	N/A	Yes	Yes
	N/A	**Fannie Mae** Servicer must warrant that the current property value is at least equal to the original property value by using a valuation method acceptable per guidelines. **Freddie Mac** Servicer must warrant that the original value of property supports the LTV ratio required to cancel MI.	The Servicer must verify the current property value by using a valuation method acceptable per Fannie Mae or Freddie Mac guidelines.
Other Conditions	tisfaction of additional conditions may be required. Refer to Fannie Mae or Freddie Mac Seller/Servicer Guides for the complete MI cancellation guideline.		

Genworth Mortgage Insurance provides this summary as a courtesy to our customers. It is not definitive of all aspects of HPA or Fannie Mae's and Freddie Mac's mortgage insurance cancellation guidelines, nor is it legal advice or a legal opinion, and it may not be relied upon as such. Certain other requirements apply for automatic termination and for borrower initiated cancellations. For more detail, consult the applicable Seller/Servicer Guide or legal counsel.

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Genworth Mortgage Insurance Corporation

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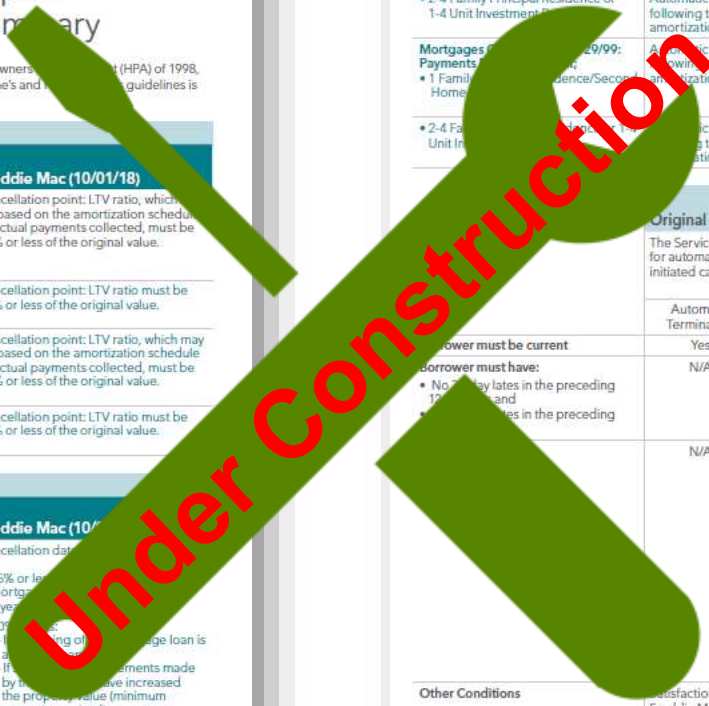
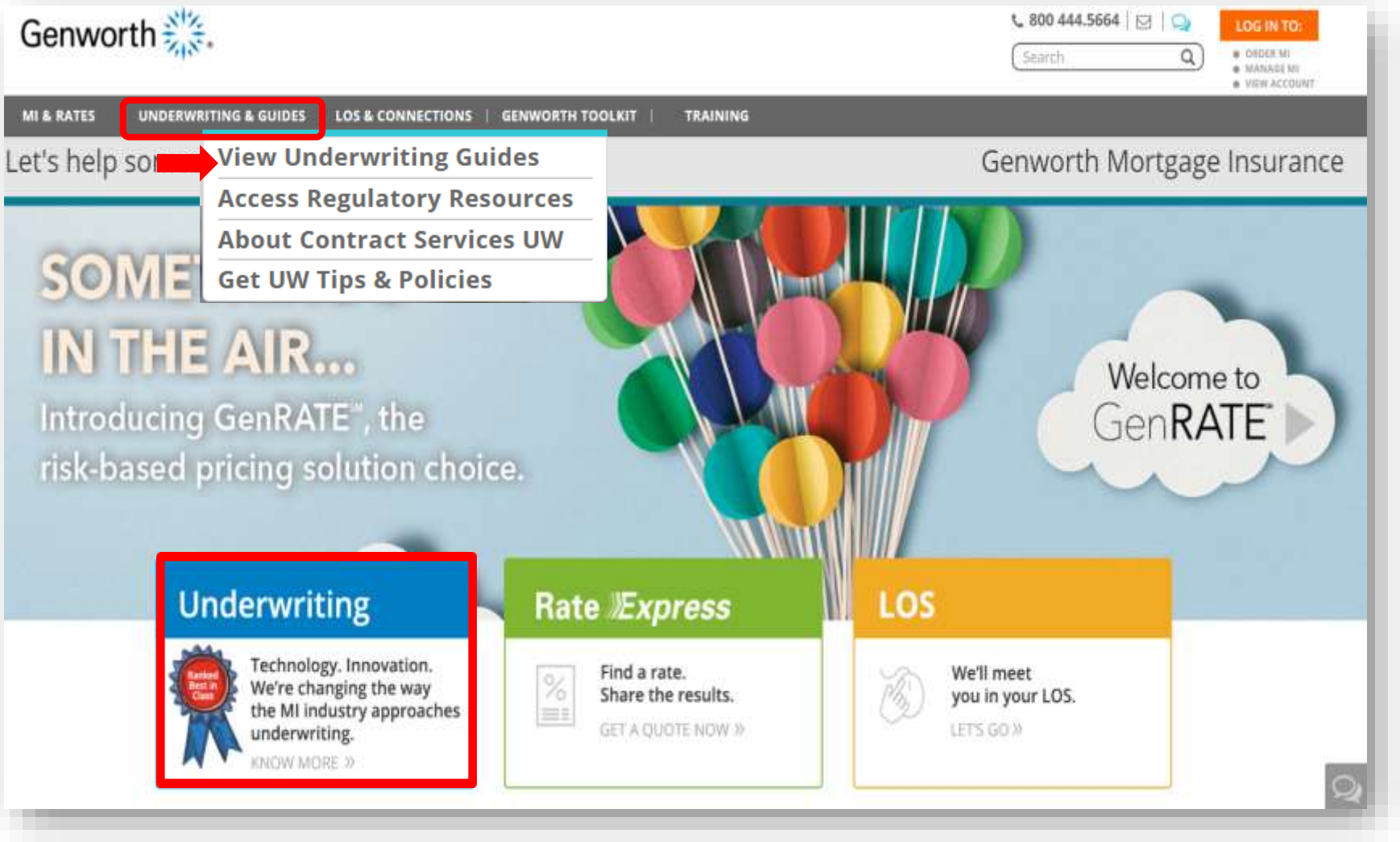


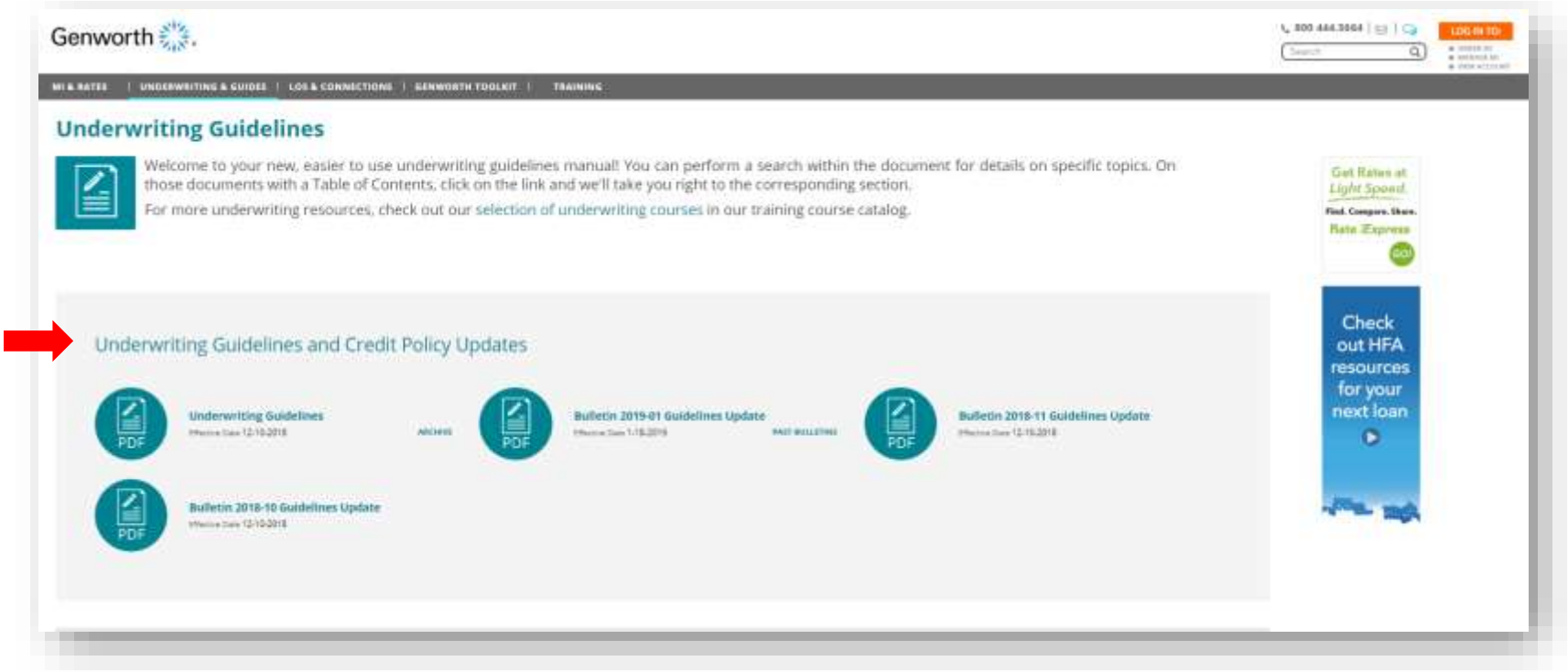
Resources

Genworth Rate Cancellation Summary, Genworth Underwriting Guidelines, MI Tips and Credit Policy, Mobile App

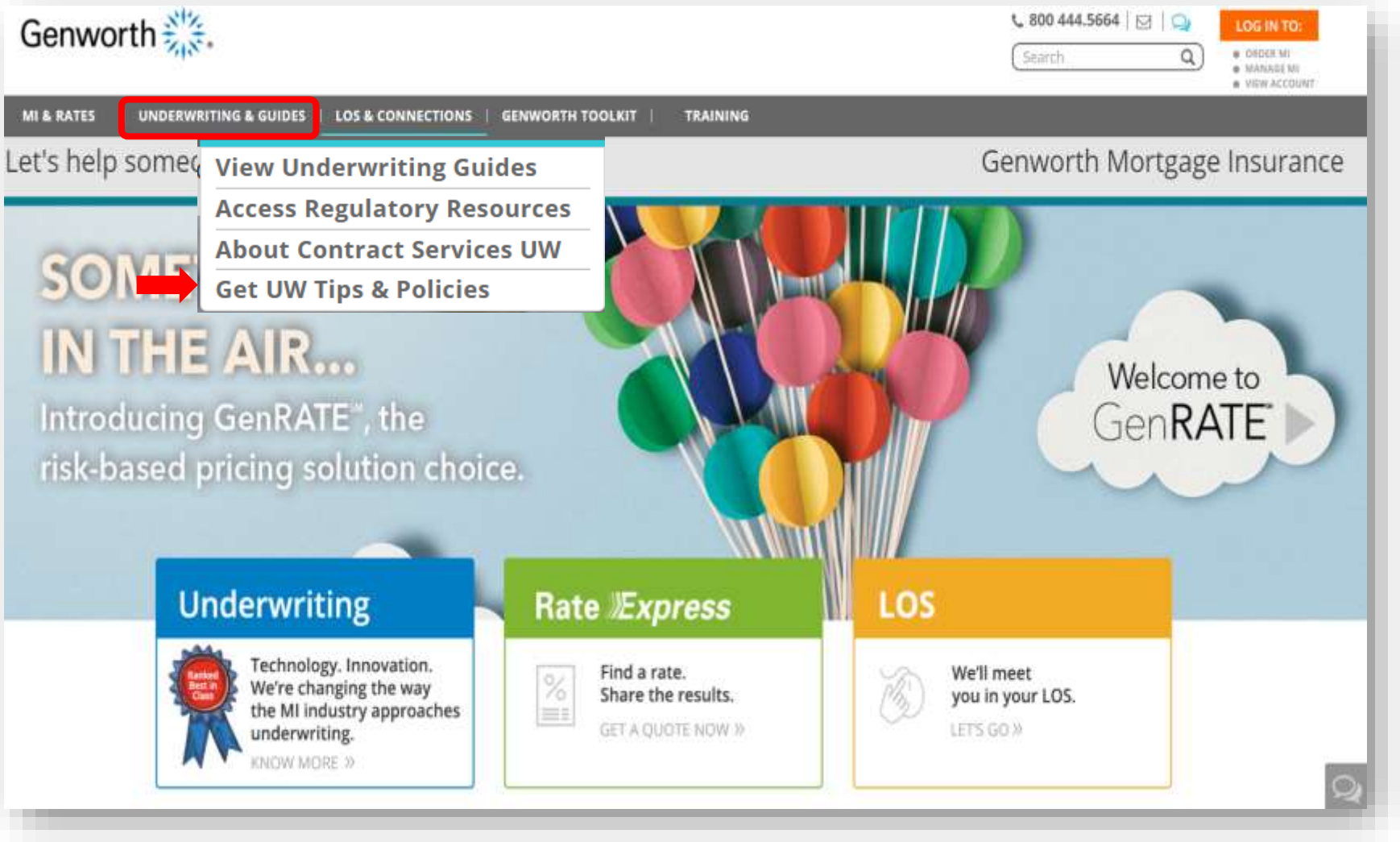
Genworth Underwriting Guidelines



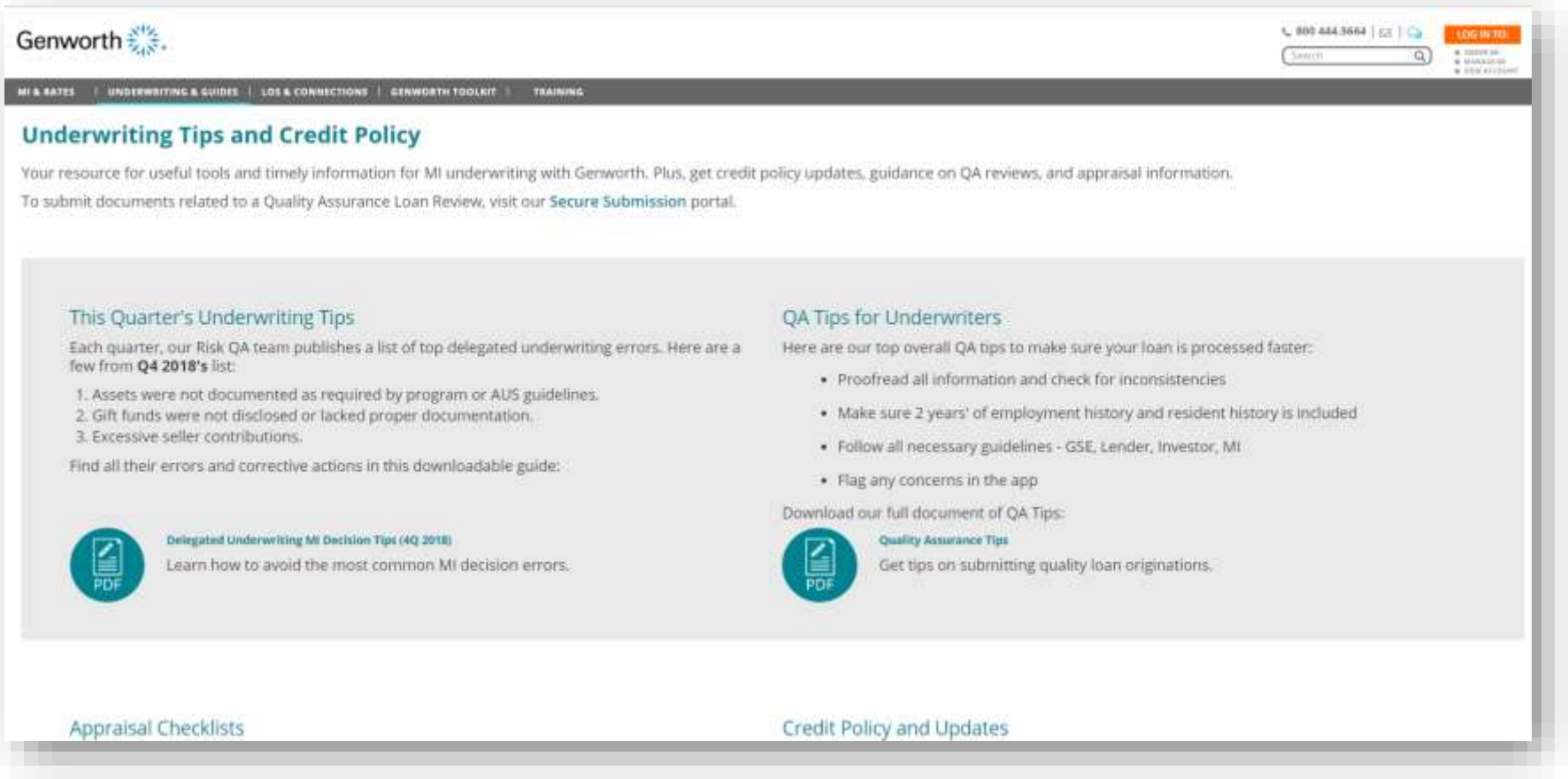
Genworth Underwriting Guidelines



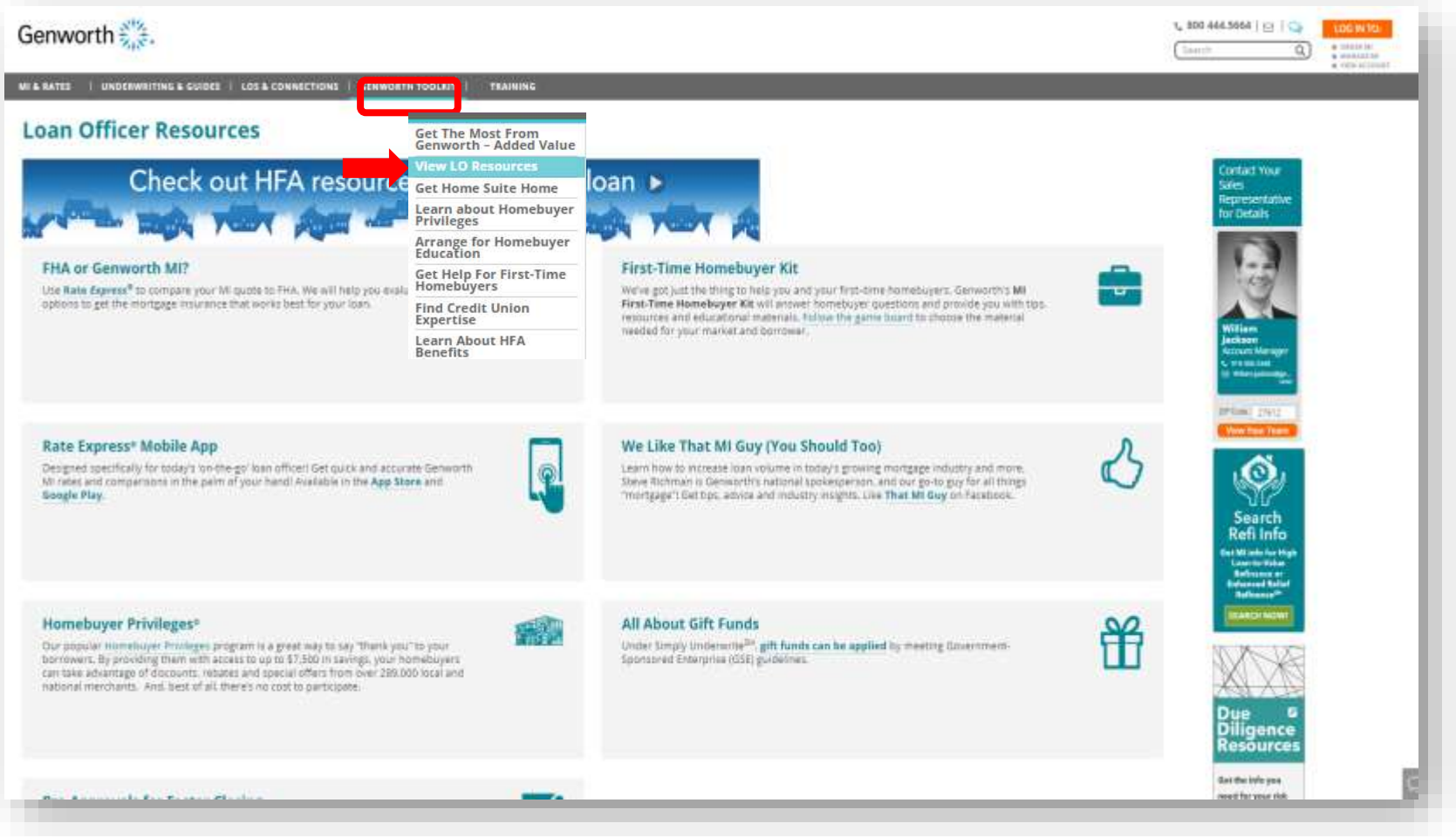
Genworth Underwriting Guidelines



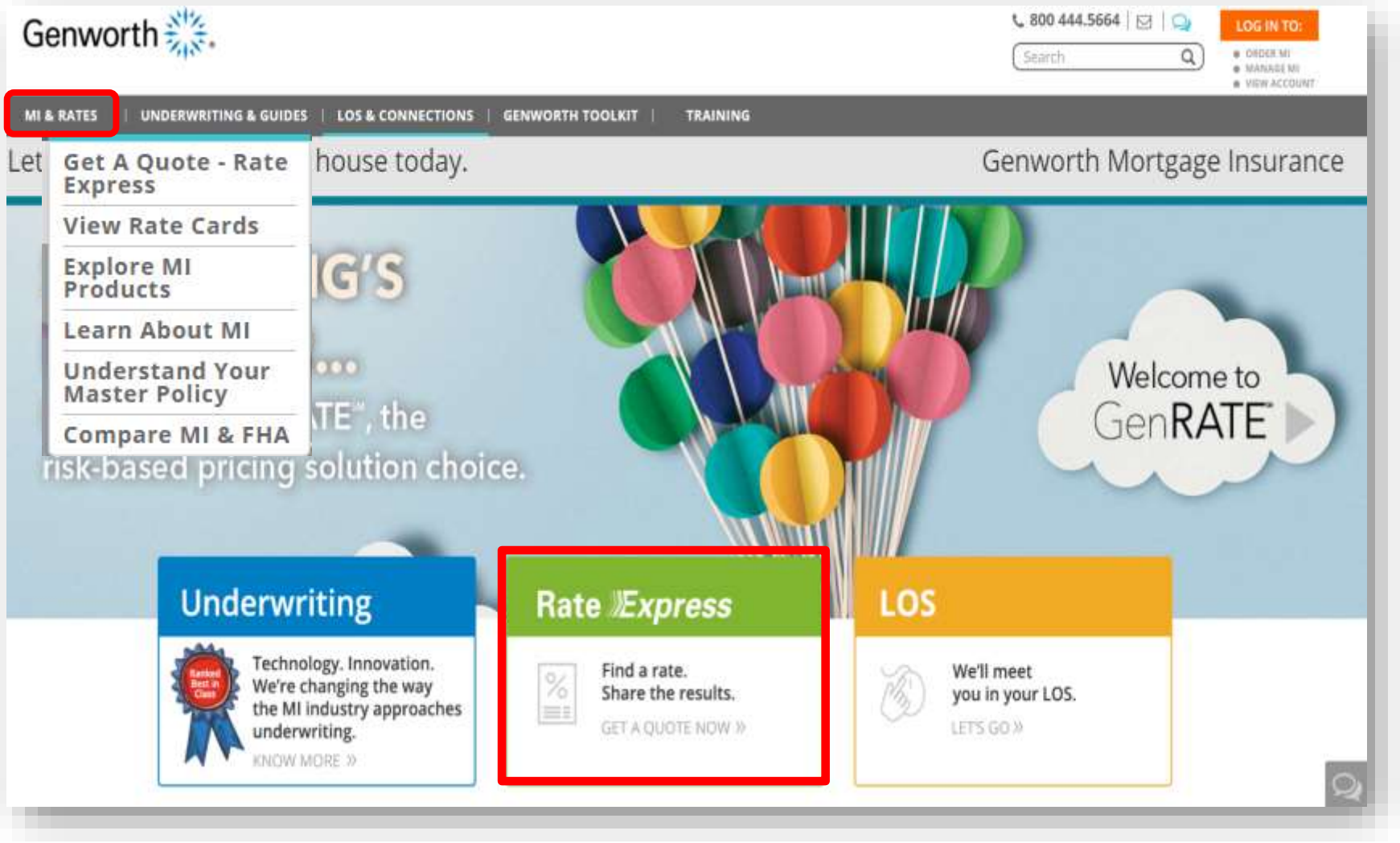
Genworth Underwriting Tips



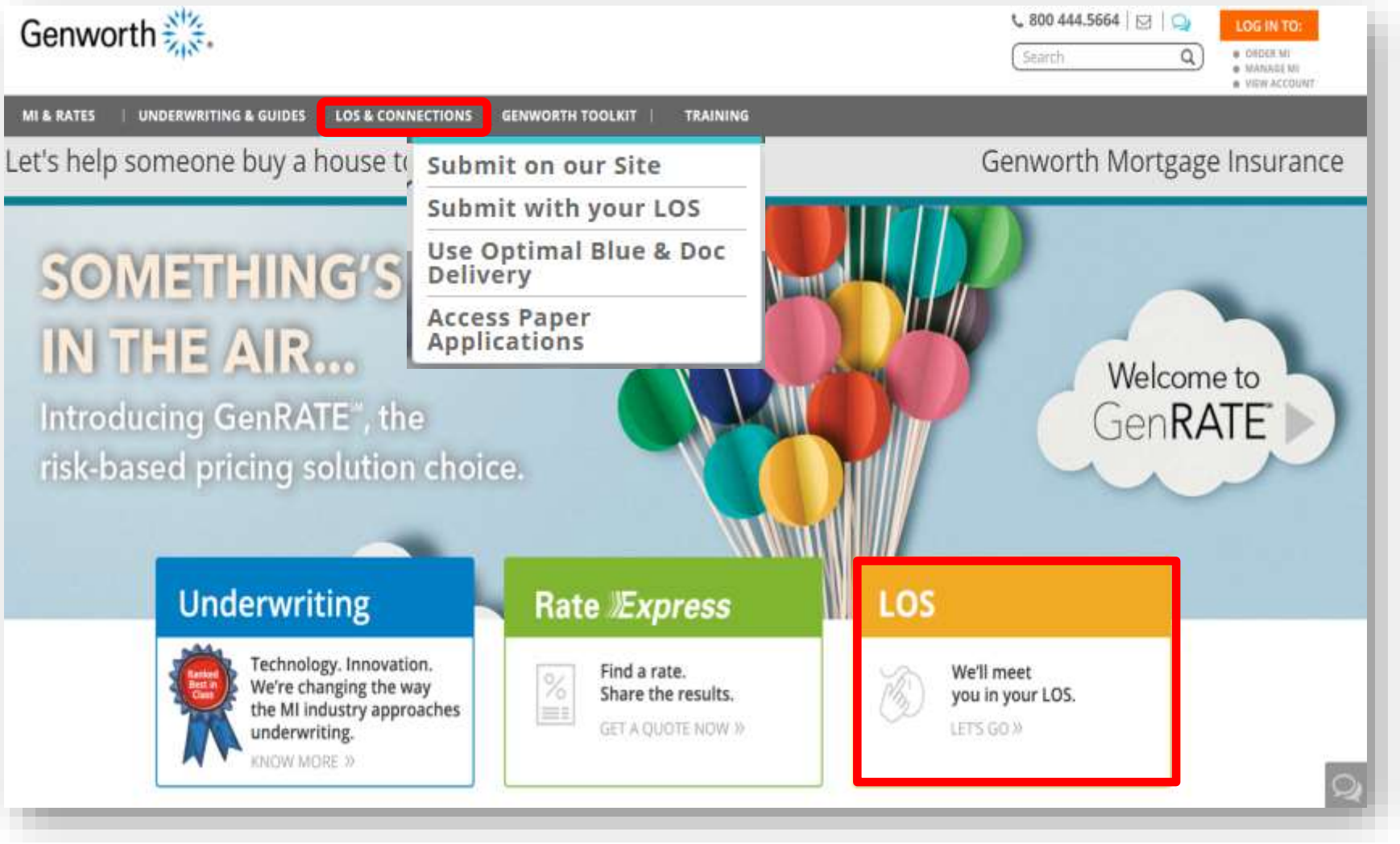
Loan Officer Resources



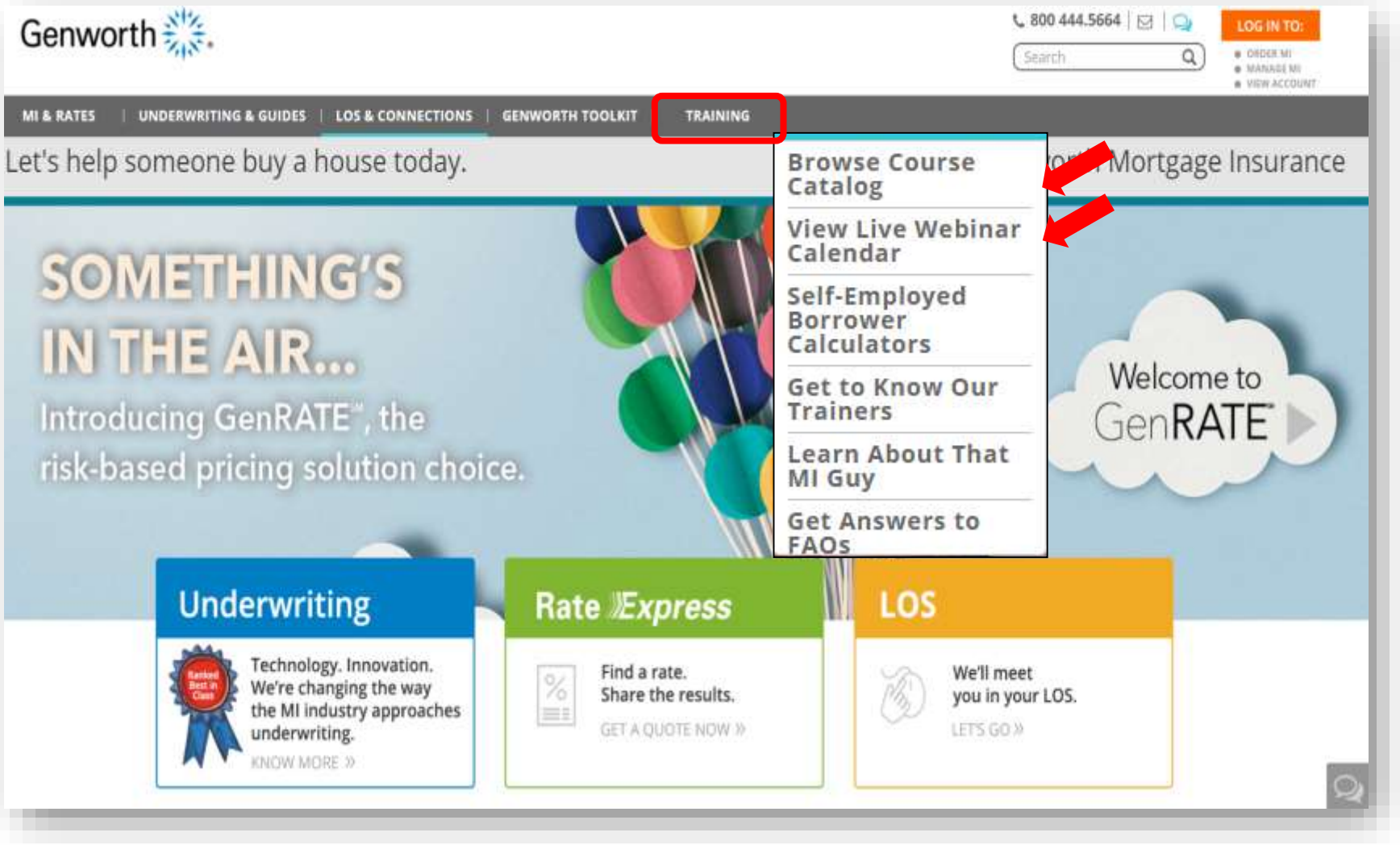
Genworth Rate *Express*®



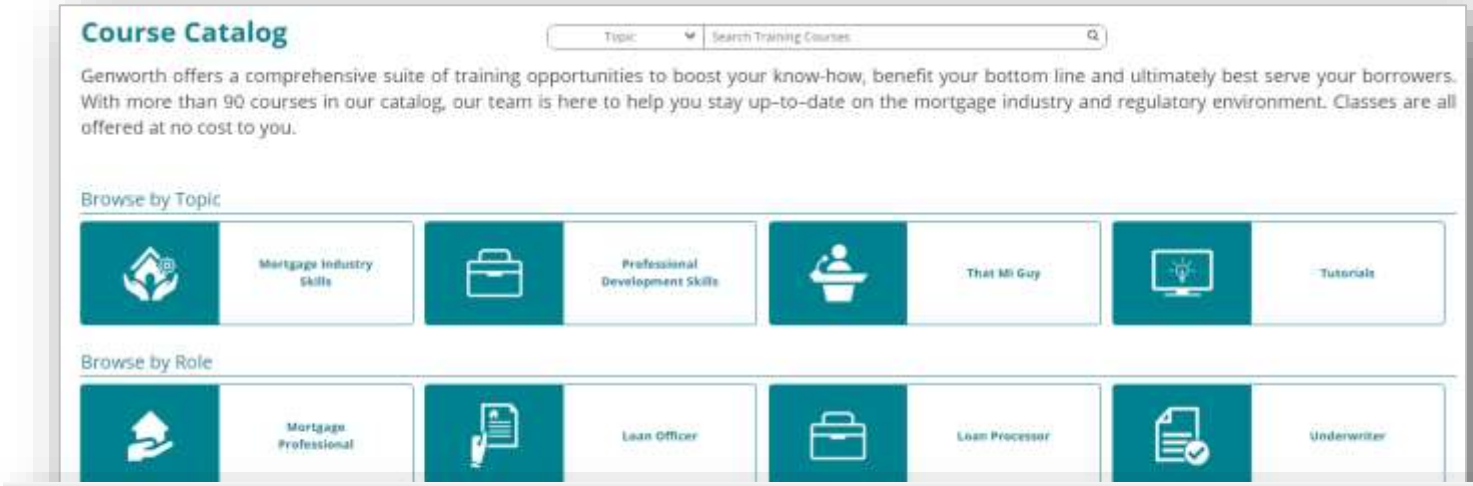
LOS Connections

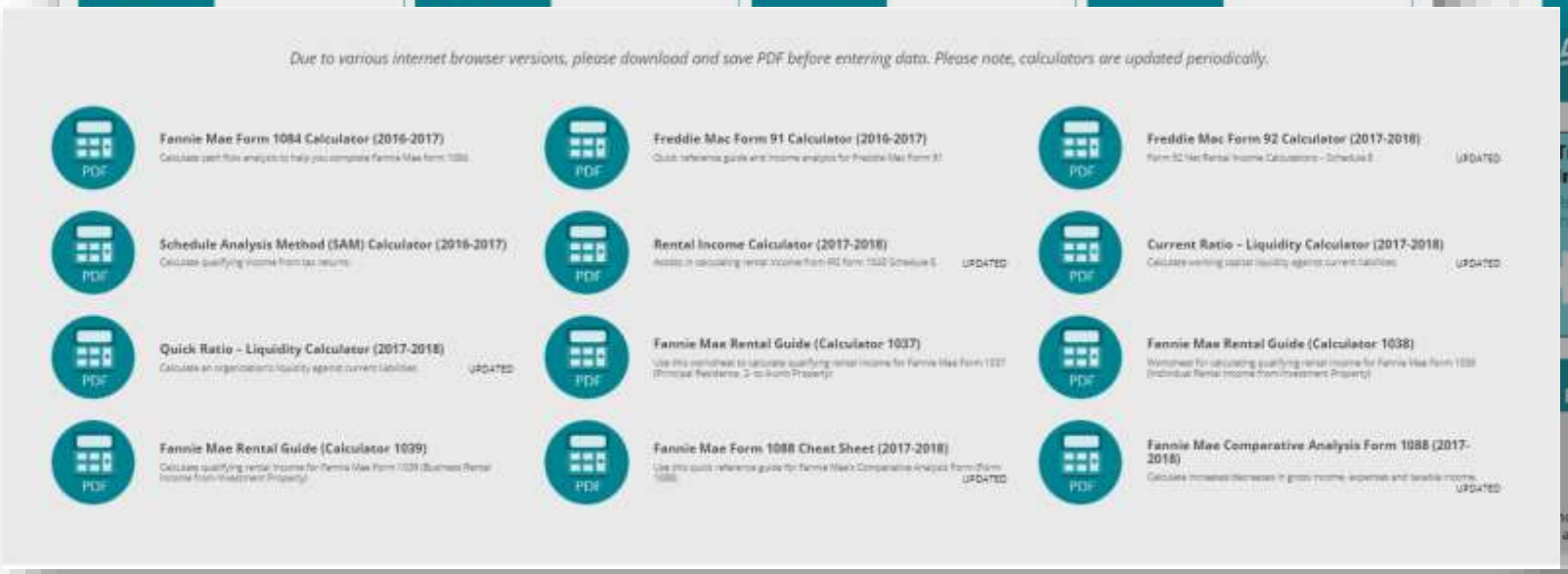


Training Tools and Information



Training Tools and Information





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