



DELEGATED WORKOUT PROGRAM PARAMETERS

Effective **May 17, 2010**, Genworth Mortgage Insurance authorizes Servicers to decision most mortgage insurance retention and liquidation loss mitigation decisions for loans that are serviced by them and insured by Genworth. All of Genworth's delegated loss mitigation programs are designed to assist a borrower who is experiencing a legitimate involuntary hardship which has impacted the borrower's ability to make the scheduled monthly mortgage payments. This delegation is in addition to any existing delegated programs or special delegated programs.

1.0 Requirements

This delegation is subject to the following requirements:

- Standard workout packages and documentation must be obtained for all borrowers liable for the mortgage. (See *Workout Documentation Requirements*)
- Servicers must meet investor guidelines for all workout approvals.
- All other guidelines as outlined in Genworth's master policy must be followed.
- Monthly workout reporting is required as specified by Genworth. (See Section 2.0)
- Servicer is delegated to postpone a foreclosure sale provided the servicer deems the workout will mitigate losses and the investor approves the foreclosure postponement.
- Periodic reviews will be conducted to determine workout program compliance. (See Section 9.0)
- Servicers should expect retention workouts to result in a sustainable cure of the delinquency.

"Hardship" Defined

"Hardship" is defined as an involuntary situation or event resulting in the borrowers' inability to make the scheduled mortgage payments. Acceptable hardships include, but are not limited to, the following:

- Unemployment
- Reduced income
- Divorce
- Death of a borrower or primary wage-earner
- Disability or illness
- Excessive credit obligations
- Forced relocation
- Disaster damaging the property

2.0 Reporting Requirements (Non-HAMP/Non-HAFA)

This delegation is contingent upon the Servicer completing a monthly *Delegated Workout Report* to Genworth to provide detailed information about the delegated workouts approved and closed by the Servicer during the reporting period.

Requirements are as follows:

- Reporting Format – Use Genworth's *Delegated Workout Report*. This report is accessible via our website at MIservicing.genworth.com.
- Frequency of Reporting – Submit the report to Genworth by the 5th business day of every month.
- Submission Options – Submit via Genworth's Secure Submission tool at MIservicing.genworth.com or via encrypted email to delegatedlossmit@genworth.com.
- If no workouts to report for the month, please advise us via email to delegatedlossmit@genworth.com.

Note: MICA HAMP reporting and HAFA reporting templates are also available via Genworth's website at MIservicing.genworth.com.

3.0 Retention Delegated Workout Parameters

Genworth authorizes Servicers to decision the following retention workouts within the parameters listed below:

3.1 Forbearance Plan

Forbearance plans for a period not to exceed 6 months

3.2 Repay Plans

Repayment terms up to 12 months

3.3 Modifications

Any modification consisting of the following is delegated:

- Imminent Default or delinquent loans, as defined by GSEs
- Capitalization of arrearages on loans up to 24 months delinquent
- Changes to rate
- Changes to term up to 480 months
- Principal forbearance

Requests for loan level workout exceptions to any of the above retention delegated workout parameters should be forwarded via encrypted email to hoa@genworth.com or submitted through our Secure Submission tool at: [Mlservicing.genworth.com](https://mlservicing.genworth.com).

Servicer modification programs with terms exceeding the above parameters or with non-traditional features such as principal forgiveness (reduction) must be submitted to Genworth for review to determine acceptability and/or delegated eligibility. These program parameters should be submitted via email to: delegatedlossmit@genworth.com.

4.0 Liquidation Delegation Workout Parameters

Genworth authorizes Servicers to decision liquidation workouts under the following conditions:

4.1 Short Sale

- Retention workout options must have been attempted prior to short sale approval
- Documented borrower hardship resulting in either an involuntary reduction of income or an unavoidable increase in expenditures must have occurred.
- At least 3 payments past due (>60 days delinquent)
- No more than 5% variance (up to \$10,000) between “as is” and “as repaired” values
- MI loss \leq \$75,000, unless otherwise delegated
- Net sale proceeds at least 82% of “as is” value (if investor make whole) OR if short sale loss is > full MI claim (Not investor make whole) then defer to the investor’s net-to-value requirements
- All occupancy types permitted
- Genworth requirements for borrower contribution (promissory note or cash) are stated in Section 4.3.

If a short sale does not meet these requirements, complete and submit *Genworth’s Short Sale Calculator Form*, along with the complete workout package, via our Secure Submission tool at: [Mlservicing.genworth.com](https://mlservicing.genworth.com) or via encrypted email to HOA@genworth.com.

Short Sales: Calculating Genworth's Short Sale Loss

The maximum delegated Genworth loss is ≤\$75,000 and is calculated as the lesser of A or B below:

A) Short Sale Loss = UPB + Delinquent Interest from date of default to date of closing + allowable expenses – Net Sale proceeds. (Note: Net Sales Proceeds = final sales price – reasonable closing costs)

OR

B) MI Loss = (UPB + Delinquent Interest from date of default to closing date + reasonable expenses x Genworth MI Coverage %).

How to Calculate Net-to-Value

Sales Price – Reasonable closing costs = net sale proceeds.

Net-to-Value = net sales proceeds / current BPO or Appraised value

SHORT SALE DELEGATION EXAMPLES

- If MI loss/coverage is ≤ \$75,000 (Genworth loss only, not total loss) and there is investor loss after the MI coverage is applied (non-make whole to investor), then defer to the investor's net-to-value requirement. Genworth delegates the workout decision to servicer, but investor approval may be required.
- If MI loss/coverage is ≤ \$75,000 (Genworth loss only, with make whole to investor) and net-to-value is ≥82%, then Genworth delegates the workout decision to servicer, but investor approval may be required.

These examples reflect delegation of the short sale transaction only. All other short sale provisions must be met.

Total Indebtedness <small>(UPB + Delinquent Interest to date of closing + claimable expenses)</small>	\$200,000	\$500,000	\$400,000
Net Sales Proceeds <small>Sales Price – (Closing costs + commissions)</small>	\$100,000	\$340,000	\$340,000
Total Short Sale Loss	\$100,000	\$160,000	\$60,000
Total Indebtedness <small>(UPB + Delinquent interest to date of closing + claimable expense)</small>	\$200,000	\$500,000	\$400,000
Genworth MI Coverage %	25%	35%	17%
Maximum Genworth Loss <small>(Total Indebtedness X MI Coverage %)</small>	\$50,000	\$175,000	\$68,000
Genworth Short Sale Loss <small>Lesser of: Total Short Sale Loss or Maximum Genworth Loss</small>	\$50,000	\$160,000	\$60,000
Investor Loss <small>Total Short Sale Loss - Genworth Claim Amount</small>	\$50,000	\$0	\$0
"As Is" Property Value	\$125,000	\$414,000	\$400,000
"As Repaired" Property Value	\$128,000	\$420,000	\$455,000
Net-To-Value Ratio <small>Net Sales Proceeds/"As Is" Property Value</small>	80%	82%	85%
Property Value Variance <small>Lesser of \$10,000 or 5% of the "As Repaired" Property Value</small>	\$3,000	\$6,000	\$55,000
CONCLUSION	DELEGATED	NOT DELEGATED	NOT DELEGATED

4.2 Deed in Lieu of Foreclosure

- Retention workout options must be attempted prior to Deed In Lieu approval
- Documented borrower hardship resulting in involuntary reduction of income or unavoidable increase in expenditures
- At least 3 payments past due (greater than 60 days delinquent)
- No more than 5% variance (up to \$10,000) between "as is" and "as repaired" values
- MI loss ≤ \$75,000 unless otherwise delegated
- All occupancy types permitted
- Property must have been listed at fair market value for 90 days or more prior to the Deed in Lieu
- Genworth requirements for borrower contribution (promissory note or cash) are stated below. (Section 4.3)

Note: If a Deed-in-Lieu does not meet any of the above stated requirements, the Deed-in-Lieu request **must be submitted** to Genworth for review. Please forward a copy of the complete workout package via encrypted email to: HOA@Genworth.com or submit through our secure submission tool at: [Mlservicing.genworth.com](https://mlservicing.genworth.com).

Deed-In-Lieu: Calculating Genworth's Loss

The **maximum delegated Genworth loss** is ≤ \$75,000 and is calculated as:
 Total Indebtedness X Genworth MI Coverage % = **Total Genworth Loss**

Example

Total Indebtedness: \$300,000
 Genworth's Coverage: 30%
 Genworth's Loss: \$300,000 X 30% = \$90,000

In this example, since Genworth's total loss exceeds the \$75,000 limit, workout is NOT delegated.

4.3 Notes and Contributions

See chart below to determine Genworth requirements.

BORROWER NOTES AND CONTRIBUTIONS			
For all categories below, notes and contributions are not required if the borrower is in a non-reaffirmed Chapter 7 Bankruptcy.			
	NOT REQUIRED	MUST REQUEST	REQUIRED
	Note or cash contribution is <u>not required</u> from borrowers meeting <i>all</i> of following criteria:	Note or cash contribution <u>must be requested</u> from borrowers meeting <i>any</i> of the following criteria:	Note or cash contribution is <u>required</u> from borrowers meeting <i>any</i> of the following criteria:
Current Credit Score	600 and below (from credit report aged < 90 days)	>600 - <680	680 and above
Total Liquid Assets	\$10,000 and below	>\$10,000 -< \$25,000	Total Liquid Assets \$25,000 and above OR
Income	N/A	Gross annual income >\$60,000 - <\$80,000	Gross annual income \$80,000 and above
Occupancy	<ul style="list-style-type: none"> Borrower is a primary occupant of the subject property (or borrower was a primary occupant of the subject property which is now vacant) AND Borrower does <u>not</u> own other properties (or owns other properties and is delinquent on all other first lien mortgages) 	<ul style="list-style-type: none"> Property is currently an investment property or second home OR Borrower owns other properties with non-delinquent first lien mortgages 	N/A
NOTES		If workout negotiator is unable to obtain note or cash contribution from borrower, submit to Genworth the reason the borrower is: <ul style="list-style-type: none"> Unable to pay a note Unable to make a contribution, OR Unable to contribute for some other reason 	If borrower refuses required contribution as stated above, the Short Sale/Deed-in-Lieu request must be submitted to Genworth for review. Genworth may, at its discretion, approve the short sale and may pursue a deficiency rights; however, deficiency rights will not be waived where allowed by law.

Genworth Promissory Notes

- Are interest-free and unsecured
- Can be up to a maximum term of 10 years
- Do not need to be notarized

Note form is available at Ml servicing.genworth.com. Complete and submit executed document via overnight mail to:

Genworth Mortgage Insurance Corporation
8325 Six Forks Rd
Raleigh, NC 27615
Attn: MISSO/Delegated Workouts

5.0 Workout Documentation Requirements

Genworth's workout documentation matrix by workout type can be accessed via Ml servicing.genworth.com.

6.0 Delegated Program Loan Level Exceptions

If a workout falls outside the Genworth delegated parameters, submit the workout package via encrypted email to hoa@genworth.com or through our Secure Submissions tool at Ml servicing.genworth.com. Please indicate if it is an exception and where it falls outside the delegation.

7.0 Delegated Program Questions

For questions regarding the delegated program, requests for specific program approvals or notification of "No Activity to Report" email at delegatedlossmit@genworth.com or call a Delegated Program Manager at 800 261.2015.

8.0 Delegated Servicer Program Exceptions

If the Servicer has a specific program which falls outside the Genworth delegated parameters, the program specifics should be submitted in writing to Genworth and delivered via email to delegatedlossmit@genworth.com.

9.0 Program Compliance Review

Genworth reserves the right to review the Servicer's performance periodically and to request workout documentation for evaluating the Servicer's adherence to Genworth's delegated guidelines. This Delegated Workout Program Review will assess Delegated Program Compliance and determine any servicer training needs. This delegation is conditioned upon the guidelines outlined in this document. Genworth reserves the right to alter or discontinue this delegation at any time.

As a part of our program compliance reviews, Genworth may request that the servicer provide copies of the following documents:

- Servicer Approval letter
- Hardship Letter
- Borrower's Financial Statement
- Tax Returns (if applicable)
- Credit Report
- Bank Statements
- Interior BPO or Appraisal
- Sales Contract (if applicable)
- Listing Agreement (if applicable)
- Estimated Total Indebtedness at time of workout
- Estimated HUD-1
- Final HUD-1
- Other documents, as requested

Note: Genworth requires income and asset documentation for all borrowers liable for the mortgage.

10.0 Master Policy Preservation of Rights

This authorization granted herein in no way constitutes any admission by Genworth of liability under the master policy and Genworth does not waive its rights under such policy.