



Genworth®  
Financial

# GUIDELINES FOR HOUSING FINANCE AGENCIES

Genworth Mortgage Insurance Corporation (in all states except New York)  
Genworth Residential Mortgage Insurance Corporation (in New York)

October 6, 2008

## 1.0 Fannie Mae's Desktop Underwriter® and Freddie Mac's Loan Prospector®

### 1.1 LTV/CLTV Loan Limits

|                                  | Market  | LTV   | CLTV | Credit Score | Units | Loan Amount |
|----------------------------------|---|-------|------|--------------|-------|-------------|
| • Primary Residence <sup>1</sup> | Non-Declining Markets                                   | 97%   | 103% | 680          | 1     | \$417,000   |
|                                  |   | ≤ 95% | 103% | 620          | 1     | \$417,000   |
| • Purchase                       | Declining/Distressed Markets (MSAs, MI, OH, CT, DE, NJ) | 95%   | 100% | 680          | 1     | \$417,000   |
|                                  |   | ≤ 90% | 100% | 620          | 1     | \$417,000   |
| • DU Approve or LP Accept        | Declining/Distressed Markets States (AZ, CA, FL, NV)    | 90%   | 90%  | 680          | 1     | \$417,000   |

<sup>1</sup> Refer to Property Eligibility section for Condominium and Manufactured Housing restrictions

### 1.2 Genworth's GSE Guidelines and Documentation Policy

Genworth will insure most loans that are processed through Fannie Mae's Desktop Underwriter (DU) and Freddie Mac's Loan Prospector (LP) automated underwriting systems (GSE AUS). Our approval is conditioned on:

- The recommendation or risk classification is based on accurate and verified data;
- The loan is underwritten according to the guidelines detailed in the GSE AUS findings or feedback report;
- The loan is documented according to the standards specified in the GSE AUS findings or feedback report; and
- All terms have been met and the loan is eligible for investor delivery.

While the GSE AUS standards may be different from standard underwriting guidelines, they supersede Genworth's guidelines provided the loan meets the terms above and these Genworth guidelines in the Standard Underwriting guideline sections referenced below:

- *Section 1.6.1 Fannie Mae's Desktop Underwriter® & Freddie Mac's Loan Prospector®*
- *Section 2 Ineligible Loan Features, with the following exceptions:*
  - *Manufactured Housing eligible with a maximum 97% LTV in non-declining market*
  - *Condominiums eligible with a maximum 95% LTV in non-declining market*
  - *Nontraditional/Unscoreable eligible with a maximum 95% LTV and manual underwrite*
  - *GSE AUS and Approved Proprietary AUS – Maximum DTI ratio = 55%. DTI ratios in excess of 55% are ineligible for mortgage insurance with Genworth.*
- *Section 6.4 Geographic Guidelines*
  - *Maximum DTI = 41% in AZ, CA, FL, NV regardless of AUS approval*
- *Section 6.13 Declining Property Values, with the following exception:*
  - *Minimum FICO = 680 in AZ, CA, FL, NV*
- *Section 6.15 Maximum Genworth Insured Properties*
- Product or program restrictions applicable to GSE AUS loans
- Appraisal form with a minimum interior/exterior review by a licensed or certified appraiser

### 1.3 Borrower's Required Funds

- Non-Declining Markets: Lesser of \$500 or 1% from borrower's own funds
- Declining/Distressed Markets: 3% of borrower's own funds

### 1.4 Combined Loan-to-Value (CLTV)

"CLTV" refers to all terms used to describe the ratio of the total loan amount(s), to the lesser of the sales price or the appraised value of the subject property (e.g. TLTV, HCLTV, etc.). The total loan amount includes, but is not limited to, the first lien, subordinate liens (including community/affordable seconds), and financed mortgage insurance premium.

- Subordinate financing permitted provided terms meet Fannie Mae's Community Second or Freddie Mac's Affordable Second guidelines. Funds may be used for downpayment and closing cost assistance
- The total LTV (TLTV), including the financed MI premium, must meet the CLTV requirements indicated in the chart above

## 2.0 Manually Underwritten HFA Guidelines

**2.1 For HFA loans that are underwritten without a GSE automated underwriting system (AUS) result or receives any other GSE AUS result, the following guidelines apply:**

|  | Market  | LTV              | CLTV | Credit Score | Units | Loan Amount |
|--|---|------------------|------|--------------|-------|-------------|
| • <b>Primary Residence<sup>2</sup></b> | Non-Declining Markets                                   | 97% <sup>1</sup> | 103% | 680          | 1     | \$417,000   |
|  |   | ≤ 95%            | 103% | 620          | 1     | \$417,000   |
| • <b>Purchase</b>                      | Declining/Distressed Markets (MSAs, MI, OH, CT, DE, NJ) | 95%              | 100% | 680          | 1     | \$417,000   |
|  |   | ≤ 90%            | 100% | 620          | 1     | \$417,000   |
|  | Declining/Distressed Markets States (AZ, CA, FL, NV)    | 90%              | 90%  | 680          | 1     | \$417,000   |

<sup>1</sup> Nontraditional Credit/Unscoreable – Maximum LTV/CLTV 95%/100% and must be manually underwritten by Genworth

<sup>2</sup> Refer to Property Eligibility section for Condominium and Manufactured Housing restrictions

### Documentation Type

- Full documentation only

## Occupancy

- All borrowers must occupy the property

## Loan Types

- Fixed rate, fixed payment
- ARMs with initial adjustments  $\geq 5$  years
- Ineligible: ARMs with initial adjustment  $< 5$  years, balloons, buydowns, GPMs, interest only

## BORROWER ELIGIBILITY

- Must adhere to any HFA income limitations
- Must adhere to any HFA restrictions relative to property ownership

## Maximum DTI

- 41%
  - Loans with DTI ratios of 41.01% - 55% will be considered for mortgage insurance approval subject to submission to Genworth for underwriting
  - Maximum DTI ratio = 41% in AZ, CA, FL and NV regardless of underwriting submission channel

## Seller Contributions/Interested Party Contributions

In addition to the borrower's funds, these sources are acceptable for downpayment, closing costs, and prepaids:

- Gifts from relative, domestic partner, fiancé, fiancée, church, municipality, public agency, or nonprofit (other than a credit union)
- Grants from an employer, public agency or nonprofit organization
- Unsecured borrowed funds from a nonprofit, employer, government entity or municipality or relative. Borrower may not use credit card financing or overdraft protection on checking accounts
- Borrowed funds secured by an asset per GSE guidelines
- Seller contributions allowed to 3% maximum - 90.01 – 97% LTV, 6% maximum – 80.01 – 90% LTV. Contribution may be applied toward closing costs and prepaids

## Credit

- Traditional credit: underwrite to Genworth A credit quality guidelines
- Non-traditional credit: Refer to Standard Guidelines for Borrower Eligibility
  - Maximum LTV/CLTV 95%/100% and will require manual underwrite by Genworth

## Reserves

- Not required but recommended for first time home-buyers (2 month's reserves recommended but not required)

## Homebuyer Education

- Not required but recommended for first time home-buyers
- Borrowers completing 8 hours of pre-purchase classroom homebuyer education from a Genworth approved non-profit agency may be eligible for Counseling Saver rate

## PROPERTY ELIGIBILITY

- Single family residences, including units in condo or PUD projects.

| Property Type        | Market                       | LTV   | CLTV | Credit Score | Units | Loan Amount |
|----------------------|------------------------------|-------|------|--------------|-------|-------------|
| Condominiums         | Non-Declining Markets        | 95%   | 100% | 620          | 1     | \$417,000   |
|                      | Declining/Distressed Markets | 90%   | 90%  | 680          | 1     | \$417,000   |
| Manufactured Housing | Non-Declining Markets        | 97%   | 103% | 680          | 1     | \$417,000   |
|                      |                              | ≤ 95% | 103% | 620          | 1     | \$417,000   |
|                      | Declining/Distressed Markets | 90%   | 90%  | 680          | 1     | \$417,000   |

- Must adhere to any HFA targeted area requirements
- Ineligible Property Types:
  - 2 – 4 units
  - Co-ops
  - Condotels

### Declining Distressed Market Policy

- For Genworth’s Declining/Distressed Markets Policy, refer to **Standard Guidelines for Property and Appraisals** and the **Declining Property Values** section for details.

**As with all programs, check directly with your investor for their specific guideline requirements.**

For Underwriting Guidelines and Declining/Distressed Markets Policies not specified here, refer to Genworth Mortgage Insurance’s Standard Underwriting Guidelines, posted on our website at [mortgageinsurance.Genworth.com](http://mortgageinsurance.Genworth.com) or contact the ActionCenter at 800-444-5664.