

Claim and Foreclosure Bidding Servicing Guide

July 1, 2019



YOU-CENTRIC SOLUTIONS THAT MATTER

Genworth Mortgage Insurance Corporation of North Carolina
Claim and Foreclosure Bidding Servicing Guide
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1) OVERVIEW AND INTRODUCTION

Genworth is providing this Guide to support the claim and foreclosure bidding servicing activities for loans insured under Master Policy 1920.

The Master Policy form MP 1920 (the “Policy”) sets forth the terms and conditions that govern mortgage insurance issued by Genworth. Please refer to the Policy for complete details. This Guide is intended to provide clarification, illustrative examples, and supplemental information on the requirements of the Policy. In the event the requirements of the Policy or this Guide are not followed it may, in certain circumstances, result in cancellation of coverage, rescission, reduction in the Insurance Benefit, or Claim denial. If there is a conflict between this Guide and the Policy, the terms and conditions of the Policy will control. For ease of reference, capitalized terms used and not defined in this Guide have the meanings set forth in the Policy.

We understand the importance of reliable and timely payment of Claims and we are providing this Guide so that you can better understand the process and requirements for:

- Commencement and completion of Appropriate Proceedings
- Foreclosure bidding
- Filing a Claim
- Claim settlement
- Claim curtailment
- Supplemental Claims
- Appeal of Claim denial or reduction of Insurance Benefit

Servicers will be considered in compliance with Genworth’s claim and foreclosure bidding requirements if they are in compliance with the Genworth Guidelines. “Genworth Guidelines” means all guidelines, policies, and documents governing the servicing requirements of each Loan, which may include but are not limited to GSE guidelines, the CFPB servicing rule, all servicing guidelines provided by Genworth, and the Policy.

We are pleased to provide additional assistance should you have any questions or comments regarding this Guide or the Policy. Please contact the Genworth ActionCenter at 800 444.5664 or via email at action.center@genworth.com. The ActionCenter is staffed from 8 a.m. to 8 p.m. eastern time to provide you with any support you may need.

2) REQUIREMENTS FOR APPROPRIATE PROCEEDINGS

2A) COMMENCEMENT OF APPROPRIATE PROCEEDINGS

Foreclosure should commence within 30 days after the Loan remains in Default for 6 consecutive months, unless Genworth Guidelines or applicable law provide otherwise. Genworth reserves the right to direct the Servicer to commence foreclosure earlier and in accordance with the Policy terms, subject to applicable law.

2B) FORECLOSURE TIMES AND REDEMPTIONS BY STATE

Appropriate Proceedings must be diligently pursued and completed in accordance with applicable law and Genworth Guidelines. Any foreclosure delays must be permitted by Genworth Guidelines or applicable law and documented in the Servicing File.

3) FORECLOSURE BIDDING INSTRUCTIONS

3A) GENERAL FORECLOSURE BIDDING INSTRUCTIONS

Servicers are required to follow bidding instructions issued by Genworth. Servicers can obtain bidding instructions from the e-Bid tool on the Genworth MI Servicing Website at Mlservicing.genworth.com.

For questions regarding foreclosure bidding, contact the Genworth Claims Department at 800 334.9270 or gnw.claims@genworth.com.

3B) E-BID (ACCESSING AND USING GENWORTH'S FORECLOSURE BIDDING)

To access Genworth's Foreclosure Bidding Tool login to our website:

1. Go to Mlservicing.genworth.com
2. Enter your Username and Password and select Login
New to the Site? Call the ActionCenter at 800 444.5664 to obtain login credentials
3. Select Delinquency Reporting and Claims
4. Select e-Bid

Using e-Bid:

1. Enter the Certificate number requiring an e-Bid and select Search
 - Certificate information will display for confirmation (name, address, % of coverage)
2. Verify Loan information and then select Submit
3. Enter the requested information:
 - Current Property Value: Appraisal, BPO, or sheriff appraisal amount**
 - Total debt including all fees: UPB, interest, expenses, etc.
 - Scheduled foreclosure sale date (enter the correct date if incorrect or blank)
 - Property damage beyond normal wear and tear
 - Depreciating area
 - Add comments as necessary

****Note:** If there is a variance between the current value and the Original Value, select the appropriate reason.

4. Select Submit
 - An e-Bid or comment that indicates who you should contact for further instructions will appear

4) FILING A CLAIM

4A) WHEN TO FILE A CLAIM

In order to file a Claim, one of the following conditions must be met:

- Completion of the foreclosure sale of the Property, regardless of whether certification, confirmation or ratification of the sale has occurred
- Conveyance of title to the Property by execution and acceptance of a deed-in-lieu of foreclosure
- Closing of a Third-Party Sale by the Borrower

You must file a Claim within 60 days of the first to occur of the conditions identified above.

If you do not file a Claim by the deadline, we are not obligated to include in the Claim Amount any interest accrued or Advances you paid after the deadline passed. If the Claim is submitted more than 120 days after the expiration of the deadline, then we may deny the Claim.

4B) CLAIM FORM

You may use the Uniform Mortgage Insurance Claim for Loss form to file a Claim with us. The Claim form must be itemized, signed by the submitter and completed in full.

The Claim for Loss form can be obtained on the Genworth MI Servicing Website: <https://MIservicing.genworth.com/Publications/Default.aspx>.

4C) HOW TO FILE A CLAIM

EDI	Industry Standard EDI 260 Claims Transaction
Website	MIservicing.genworth.com
Email	gnw.claims@genworth.com
Mail	Genworth Mortgage Insurance Attn: Claims Department 8325 Six Forks Road Raleigh, NC 27615

4D) HOW TO SUBMIT SUPPORTING DOCUMENTS

Email claimssupportdocsonly@genworth.com *
Website MIservicing.genworth.com

*Please do not submit Claim for Loss forms to this address. Supporting documents only.

4E) HOW TO CHECK A CLAIM STATUS

To check the status of a submitted claim and validate claim perfection date, please access our Claims on the Web (COW) for updates.\

Website MIservicing.genworth.com/COW

5) CLAIM REQUIREMENTS

5A) DOCUMENTS REQUIRED TO PERFECT A CLAIM

In order to perfect a Claim, you will need to submit the Core Claim Documents listed below. Copies of documents are acceptable, unless otherwise noted. It is important that the Servicer include complete documentation and activity notes from all applicable systems in order to perfect the Claim.

Please be aware that incomplete documentation may cause a delay in processing the Claim and may also result in a reduction of the Insurance Benefit. If the Claim is not perfected within 120 days following the receipt of the initial Claim, the Claim will be denied, subject to certain exceptions set forth in the Policy.

Please contact us if you have any questions about Claim documentation

Core Claim Documents

- Complete Servicing File including Workout and loss mitigation activities (servicing system notes should include all servicing, collection, loss mitigation, bankruptcy, legal and foreclosure activity, and should incorporate previous servicer activity as well as that of current servicer)
- Foreclosure chronology prepared by foreclosure attorney or agent including documentation of any delays in diligently pursuing and completing Appropriate Proceedings
- Documented evidence related to any Advances or expenses paid above published normal and customary limits. Genworth’s normal and customary limits are available at: MIservicing.genworth.com/Publications/Default.aspx
- Attorney invoices
- Complete pay history with escrow account details from date of Default
- Evidence of title transfer and supporting documentation (see chart below)
- Copy of original signed note

Type of Title Transfer	Additional Documentation Required
Foreclosure	<ul style="list-style-type: none"> • Executed foreclosure deed, regardless of whether certification, confirmation or ratification of the sale has occurred • Sheriff’s deposit invoice and expense breakdown, if applicable • Evidence of Property value dated within 180 days of foreclosure sale
Sale of the Property to a third party at a Foreclosure or trustee sale	<ul style="list-style-type: none"> • Copy of third-party proceeds check or other satisfactory evidence of proceeds received • Bidding information including instructions and final bid • Evidence of Property value dated within 180 days of the sale

Type of Title Transfer	Additional Documentation Required
Property Redemption (before or after Claim settlement)	<ul style="list-style-type: none"> • Notification of Property redemption and date redemption occurred • Copy of Property redemption proceeds check, or other satisfactory evidence of proceeds received
Deed-in-Lieu of Foreclosure	<ul style="list-style-type: none"> • Copy of deed transferring property and evidence of acceptance by Servicer • Deed-in-lieu approval letter • Evidence of Property value dated within 180 days of the deed-in-lieu • Borrower contribution information including original promissory note, if applicable
Third-Party Sale (Pre-foreclosure or post foreclosure)	<ul style="list-style-type: none"> • Sale approval letter • Borrower contribution information including promissory note, if applicable • Signed or certified as true copy of original final closing disclosure • Evidence of Property value dated within 180 days of either the list date, sale approval date, or sale date

In addition, we may also request the following in order to assess whether we will elect the Acquisition Option:

- Property Access: Upon our request made within 40 days of receipt of a Claim, the Servicer is required to provide Genworth with access to the Property.

If we elect the Acquisition Option, we will request the following:

- Recordable but not yet recorded deed transferring good and marketable title to Genworth Mortgage Insurance
- Possession of the Property
- Any other documents necessary to complete the transfer of title of the Property to us

If applicable, the following documentation is required:

- Bankruptcy documents, including bankruptcy filing and relief/release/discharge dates
- Modification agreements complete with signatures for all modifications made to the loan
- For modified loans, a copy of the complete payment history
- Documentation demonstrating the amount of consideration the Beneficiary paid to acquire the loan (e.g. loan purchase agreement)
- A copy of the original note for pay-option ARMs or loans with negative amortization
- Address verification documents such as: origination appraisal or copy of original note
- Documentation related to Borrower proceedings
- SCRA (Servicemember's Civil Relief Act) documents including qualification documentation

Please note: Genworth may also request additional documents including the complete Origination File to evaluate first party (lender or lender's agent) misrepresentation or Pattern Activity as well as to review amounts claimed or to evaluate events between loan origination and Claim filing or any other purpose permitted under the Policy.

The loan Origination File and Servicing File for each loan must be complete and accurate and must be maintained in accordance with applicable law, internal and regulatory guidelines. A complete loan payment history, with escrow account details, from origination date to Claim filing date, must be maintained in accordance with the Policy or applicable law.

5B) CLAIMABLE ITEMS

Examples of Items Included in the Claim Amount

- Unpaid principal balance due under the loan as of the date of Default
- Accrued interest due, calculated at the Contract Rate (up to a maximum of 36 months)
- Allowable Advances paid by the Servicer or Beneficiary as specified in the Policy, for example:
 - Reasonable and customary Property insurance premiums
 - Real estate taxes and assessments, not to include late fees or other penalties
 - Reasonable and customary Property preservation expenses
 - Condominium fees/homeowner's association dues
 - Customary court costs and other reasonable expenses incurred in Appropriate Proceedings, including reasonable attorney fees
- Advances will be included in the Claim Amount for the period of time for which interest is allowed under the Policy, as set forth in Section 71(b) of the Policy.

Examples of Items Deducted from the Claim Amount:

- Amounts remaining in escrow that the Servicer or Beneficiary is entitled to as of the last loan payment date
- Rent and other payments received before filing the Claim
- Hazard and other insurance amounts received by you or the Borrower but not applied to the loan or restoration of the Property
- Other funds received to reduce the total indebtedness

Please consult the Policy for complete information and details about the calculation of the Claim Amount or contact the Claims Department at 800 334.9270 or gnw.claims@genworth.com for assistance or additional information.

5C) SUPPLEMENTAL CLAIMS

Within 90 days after payment of an Insurance Benefit, the Servicer or Beneficiary will be entitled to submit a Supplemental Claim for allowable Advances actually paid by the Servicer or Beneficiary if such Advances were 1) incurred prior to the date the initial Claim was submitted, but not included in the initial Claim or 2) incurred after the date the initial Claim was submitted and during any period for which accrued and unpaid interest would be included pursuant to the applicable Claim settlement option. For additional detail, please see Section 85 of the Policy.

5D) APPEAL OF CLAIM DENIAL OR REDUCTION OF INSURANCE BENEFIT

The Servicer or Beneficiary has the right to appeal any Claim curtailment, Claim denial, Certificate cancellation or rescission within 90 days of our decision. The Servicer or Beneficiary must provide all information and documentation necessary for evaluation of the request within such 90-day period. Appeals due to a reduction in the Insurance Benefit should include a Supplemental Claim for Loss Form. Please note that in many cases a reduction in the Insurance Benefit is due to Genworth not receiving complete documentation with the initial Claim submission; for example, the complete Servicing File.

Please submit your Supplemental Claim for Loss form through the same submission channels outlined in [Section 4c](#) of this Guide. Supporting documentation for the appeal may be submitted via email to MIClaimAppeals@genworth.com.

5E) PROTECTION AND PRESERVATION OF THE PROPERTY

In order to protect the Insured's or Beneficiary's rights under the Policy, the Servicer should ascertain the occupancy status and condition of the Property immediately following the conveyance of Property title to the Insured. Also, the Servicer should take appropriate measures to assure good and marketable title and that the Property is preserved and protected. Therefore, it is the Servicer's responsibility to advance:

- Reasonable and customary Property insurance premiums
- Real estate taxes that become due and payable on or after the date of Default
- The cost of engaging in Appropriate Proceedings
- Reasonable attorney fees
- Reasonable and customary expenses necessary for the protection and preservation of the Property

Although prior approval for Advances is not required by Genworth, the Servicer is encouraged to obtain prior approval since we may disallow certain Advances if in our judgment the Advances were not reasonable and customary.

5F) LISTING AND SALE OF REO PROPERTIES

Once the Property is vacated, the Servicer should obtain a current BPO or appraisal and list the Property for sale at fair market value as soon as possible.

Any purchase offers received prior to the settlement of the Claim must be presented to Genworth for approval or rejection along with an interior appraisal or BPO including interior photographs and any repair addendums dated no more than 180 days prior to list date, offer date, or sale approval. To expedite the evaluation of the offer, please email the offer's details to REOSaleApprovals@genworth.com. Within 10 business days of receiving a request for approval of a purchase offer, Genworth will approve or deny the request. If additional information is needed to evaluate the request, we will deny the request within 10 business days and indicate the additional information that is required. If we do not respond within this timeframe, the request is deemed to be approved.

Please note that a delay in timely listing properties for sale or presenting purchase offers to Genworth may result in a Claim denial or a reduction in the Insurance Benefit due to an adjustment of any interest and Advances accruing during the period of delay.

5G) POLICY EXCLUSIONS

Please see the Policy for a list and detailed explanation of coverage exclusions under which Genworth may cancel, rescind, or deny coverage, or reduce the Insurance Benefit.

If you have any questions about coverage exclusions, please contact the Claims Department at 800 334.9270 or gnw.claims@genworth.com for additional information.

5H) CLAIMS CURTAILMENT METHODOLOGY

Reduction of Interest and Advances

When a Servicer does not meet the requirements and timelines in the Policy and Genworth Guidelines, Genworth may adjust the Claim Amount by deducting interest and Advances corresponding to the number of days that an activity was required but did not occur. For example:

- If a Claim is submitted after the 60-day period required for submission of a Claim, we may adjust from the Claim Amount any interest accruing, and Advances incurred after such 60-day period.

Any reduction or adjustment to the Claim Amount will be itemized in the Explanation of Benefits supplied with the Insurance Benefit payment.

In the case of the exclusion for a non-residential Property, we may require that the Property be restored, or we may reduce the Insurance Benefit by the estimated restoration cost.

Loss Mitigation Review

When a Servicer has conducted loss mitigation activity, but the efforts do not comply with Genworth Guidelines, Genworth may adjust the Claim Amount by deducting interest and Advances corresponding to the number of days that a loss mitigation activity was required but did not occur.

For example, if the Genworth Guidelines require a certain loss mitigation activity to occur by day 60 of the Default, but the Servicer does not engage in that activity until day 90, Genworth may reduce the Claim Amount by deducting 30 days of interest and Advances. Any reduction will be itemized in the Explanation of Benefits supplied with the Insurance Benefit payment.

For further information regarding servicing of loans in Default, please see the Default Management Servicing and Reporting Guide

6) CLAIM SETTLEMENT METHODS

6A) SETTLEMENT OPTIONS

Genworth may select from the following Claim settlement options when settling the Claim, as specified in the applicable Policy:

- Acquisition Option
- Percentage Option
- Third-Party Sale Option
- Anticipated Loss Option

Please consult the Policy for complete details about the Claim settlement options or contact the Claims Department at 800 334.9270 or gnw.claims@genworth.com for additional information.

6B) EXPLANATION OF BENEFITS (EOBs)

The Explanation of Benefits (EOB) provides a categorized itemization of a Claim settlement. If adjustments are made to the Insurance Benefit, an explanation for the adjustment is provided. An EOB is provided with each Claim settlement and is available online at MIservicing.genworth.com.

7) CREDIBLE EVIDENCE

Genworth must have Credible Evidence of a Significant Defect, in order to rescind coverage on a Certificate. A Significant Defect is a Defect existing on the Certificate Effective Date that would have made the loan ineligible for insurance. For more information, please see the definition of Significant Defect in the Policy.

8) SUBROGATION AND DEFICIENCY JUDGEMENTS

Genworth is subrogated, upon payment of an Insurance Benefit, to the Insured's or Beneficiary's rights of recovery against the Borrower. Therefore, Genworth may pursue a Borrower for its loss when permitted under applicable law.

The Servicer should foreclose and bid in a manner that protects the deficiency rights unless otherwise instructed by Genworth. Please see [Section 3](#) of this Guide entitled Foreclosure Bidding Instructions for bidding instructions.

Genworth may request the Servicer to foreclose in a manner outside of the normal and customary state foreclosure process to preserve its rights of recovery (e.g., judicial foreclosure rather than non-judicial). All associated expenses incurred by the Servicer will be handled in accordance with Section 88 (Pursuit of a deficiency judgment) of the Policy. If your pursuit of a deficiency judgment would increase the cost associated with a foreclosure, contact the Recovery Department at GNW.MORTRecovery@genworth.com.

Should Genworth elect to pursue a deficiency judgment against the Borrower, Genworth or our designee may request that the Servicer and Beneficiary provide such information and execute and deliver such documents and instruments necessary to transfer, assign, and secure your subrogation rights.

Genworth and the Beneficiary may jointly elect to pursue a deficiency judgment. In that case, all expenses associated with the preservation and pursuit of a deficiency judgment will be shared pro rata between Genworth and the Beneficiary in accordance with the Policy.