

# Rescission Relief Guide

March 1, 2020



**YOU-CENTRIC SOLUTIONS THAT MATTER**

**Genworth Mortgage Insurance Corporation of North Carolina  
Rescission Relief Guide  
March 1, 2020**

This *Rescission Relief Guide* (“the Guide”) is effective March 1, 2020 for all insurance Certificates issued under Master Policy form MP 1920 (the “Policy”).

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## 1) SUMMARY OF CHANGES

Topic	Section(s)	New Guidelines
Rescission Relief Options	All	Replaced the 1920 Enhanced Coverage Commitment (ECC) Guide Addendum, effective 07/01/2019.
Your Choice Coverage (YCC) (formerly Enhanced Coverage Commitment (ECC))	4)	Added details on the YCC program (Section 4a)) and the closing document exception (Section 4c))
Obligation to Self-Report	7)	Added information on self-reporting obligation

## 2) OVERVIEW

This Guide is intended to explain the requirements for rescission relief under the Master Policy form MP 1920 (the "Policy"), as well as to lay out any additional Insured obligations. In the event that there is a conflict between the Guide and the Policy, the terms of the Policy will control. Capitalized terms used throughout this Guide have the meanings set forth in the Policy.

If you have any general questions or comments regarding this Guide, please contact the ActionCenter® at 800 444.5664 or via email at [action.center@genworth.com](mailto:action.center@genworth.com). The ActionCenter is staffed to provide assistance and answer questions from 8 a.m. to 8 p.m. Eastern Time.

## 3) STANDARD RESCISSION RELIEF

### 3A) 36-MONTH

Subject to the life-of-loan exclusions set forth in Section 6), all loans that have not qualified for early rescission relief as set forth in Section 4) and are current as of the date that is 36 months after the Borrower's first payment due date will have rescission relief if all the following are true:

- All payments have been made with the Borrower's Own Funds
- No more than two (2) payments have been more than 30 days delinquent
- No single payment has been more than 60 days delinquent
- The loan has not been subject to a Workout
- We have not discovered a Significant Defect

### 3B) 60-MONTH

Subject to the life-of-loan exclusions set forth in Section 6), all loans that have not qualified for 36-month rescission relief as set forth in Section 3a) or early rescission relief as set forth in Section 4) and are current, or become current, on or after the due date of the 60th payment, regardless of payment history, will have rescission relief if all payments have been made with the Borrower's Own Funds.

## 4) EARLY RESCISSION RELIEF

In addition to standard rescission relief, the following opportunities for early rescission relief may be available:

- Your Choice Coverage (YCC) – formerly Enhanced Coverage Commitment (ECC)
- Quality control (QC) review
- Closing document exception
- Valuation only
- Automated tools

Contact your Genworth sales representative for more information.

### 4A) YOUR CHOICE COVERAGE

#### **Program Initiation**

All lenders are eligible to participate in Genworth's Your Choice Coverage (YCC) program. If you are interested, please reach out to your local sales representative or Genworth's ActionCenter at 800 444.5664.

#### **Program Requirements**

In order for a loan to be considered for YCC, the following documents must be received within 60 days after coverage has been activated.

#### ***Required Documents***

The documents required to be in the Closing File submitted for YCC consideration are:

- Any closing conditions required by the underwriter
- Any updated credit package document received after the Genworth underwrite
- Final closing disclosures (Borrower and seller side) or other settlement statement signed by the Borrower
- Final loan application signed by the Borrower
- Homeowner's insurance policy/binder
- Signed mortgage
- Signed promissory note
- Title insurance commitment

Please note that we may request other documentation, as applicable, in order to complete our review.

All required documents should be submitted at <https://mi.genworth.com>. If needed, we have an alternative solution available on our Secure Submissions portal at <https://miservicing.genworth.com>.

#### ***Additional Required Documents for Delegated Customers***

In addition to the documents listed above, delegated customers should also submit the complete Origination File. Refer to Section 1 of the Policy for a list of Origination File documents.

### **Missing Documents**

In the event that we determine the documentation submitted for review is incomplete, we will issue a notice requesting all missing documentation (“Missing Documentation Request”), which will provide a 30-day time frame for response. If the requested documentation is not provided within 30 days, we will deny the request for YCC. To the extent that YCC is denied for missing documentation, the standard rescission relief set forth in Sections 17(d) and 17(e) of the Policy, and as referenced in Section 3) above, may later apply if those conditions are satisfied.

In certain circumstances, we may consider alternate documentation in lieu of what is requested in our Missing Documentation Request. Please contact the YCC Review department at [YCC@genworth.com](mailto:YCC@genworth.com) for additional details on alternative documentation eligibility.

### **Independent Validation**

Once we have determined that the documentation is complete, we will perform our Independent Validation. At a minimum, our Independent Validation will consist of:

- (a) a complete independent underwrite of the Origination File information, either pre- or post-closing, to confirm compliance with our Underwriting Guidelines, as well as a post-closing comparison to the Closing File to ensure the loan closed as approved (e.g. loan amount is the same, Borrower contribution and seller concessions are within guidelines);
- (b) a review of the Original Value and all other applicable collateral-related documents and tools;
- (c) independently obtaining new information to re-verify the accuracy of documentation, to the extent we uncover discrepancies or other questionable data.

Our Independent Validation will be completed no later than 180 days after receipt of the required documentation. Our Independent Validation may include a review or reverification of the following:

- Borrower’s assets, down payment, and reserves, as applicable
- Borrower credit reports, mortgage or rental payment history, letters of explanation, and alternative sources, as applicable
- Borrower’s income and employment documentation and information
- Borrower’s loan application
- Complete Closing File
- Compliance with the Underwriting Guidelines
- Required documentation to support the Original Value
- Any other documentation we may require

## YCC Approval

Upon completion of our Independent Validation that does not discover a Significant Defect, we will issue a YCC Coverage Notice detailing our findings and the extent to which our YCC coverage will apply, subject to the following:

- **Life of Loan Exclusions** – Detailed in Section 6), below.
- **Occupancy** – If we are unable to resolve concerns regarding the Borrower's occupancy of the Property, then rescission relief will be effective with respect to a Significant Defect relating to the Borrower's occupancy of the Property only if the Borrower timely makes the first 12 loan payments from the Borrower's Own Funds.
- **Single Loan Fraud by Borrower** – We will not rescind coverage if we completed an Independent Validation that identified no Credible Evidence of a Significant Defect only if the Borrower timely makes the first 12 loan payments from the Borrower's Own Funds.

If we are unable to make a determination regarding YCC eligibility due to incomplete documentation, the standard rescission relief set forth in Sections 17(d) and 17(e) of the Policy and Section 3) above may later apply if those conditions are satisfied.

If we find Credible Evidence of a Defect during our Independent Validation, we may reprice the loan. If we find Credible Evidence of a Significant Defect during our Independent Validation, we may rescind coverage on the loan. If our Independent Validation identifies a Significant Defect, or if we are unable to complete our Independent Validation due to missing documentation, we will notify the Insured.

The Insured will have 60 days to respond to our notification and provide missing documentation or any necessary documentation to cure the Significant Defect. If no response is received or the documentation does not cure the Significant Defect, then we may rescind coverage on the loan.

### ***Appeals Process***

Within 90 days after receipt of notification of rescission, you may appeal the decision. Appeals should be thorough and articulate and specifically address the Significant Defects noted. Within 60 days of receipt of such appeal, we will review all submitted documentation and render a determination on the appeal. If we do not render a decision within such 60-day period, the appeal will be deemed denied. Documents can be submitted for review via email at [YCC.Appeals@genworth.com](mailto:YCC.Appeals@genworth.com).

### **Commitment / Certificate**

Please note that all Commitments on loans eligible for YCC will have language referencing early rescission relief. To the extent a loan is eligible for YCC coverage or will receive the standard coverage Commitment set forth in Section 17(d) and 17(e) of the Policy, the Certificate activation process remains the same.

#### 4B) QUALITY CONTROL (QC) REVIEW

We may, at our discretion, request the Origination File and Closing File for purposes of a QC Review. Documents must be received within 30 days of our request.

If we perform a QC Review and do not discover a Significant Defect, we will advise you of such findings. Any such loan will have rescission relief subject to the following exclusions:

- **Life of Loan Exclusions** – Detailed in Section 6), below.
- **Occupancy** – If we are unable to resolve concerns regarding the Borrower's occupancy of the Property, then rescission relief will be effective with respect to a Significant Defect relating to the Borrower's occupancy of the Property only if the Borrower timely makes the first 12 loan payments from the Borrower's Own Funds.
- **Single Loan Fraud by Borrower** – We will not rescind coverage if we completed an Independent Validation that identified no Credible Evidence of a Significant Defect only if the Borrower timely makes the first 12 loan payments from the Borrower's Own Funds.

If we do discover a potential Significant Defect during our Independent Validation, we will notify the Insured. The Insured will have 10 business days to respond to our notification and provide any necessary documentation to cure the Significant Defect. If no response is received by the deadline or the documentation does not cure the Significant Defect, then we may rescind coverage on the loan.

Within 90 days after receipt of notification of rescission you may appeal the decision. Appeals should be thorough, articulate, and specifically address the Significant Defects or discrepancies noted. Within 60 days of receipt of such appeal, we will review all submitted documentation and render a determination on the appeal. If we do not render a decision within such 60-day period, the appeal will be deemed denied. Documents can be submitted for review through secure submission at <https://mi.genworth.com> or via email at [MIAppeals@genworth.com](mailto:MIAppeals@genworth.com).

#### 4C) CLOSING DOCUMENT EXCEPTION

The closing document exception provides eligible non-delegated customers ("Participating Lenders") with rescission relief against closing defects on non-delegated loans. If you are a Participating Lender, you do not need to submit the Closing File for Independent Validation. In that case, rescission relief will not be effective unless the Borrower timely makes the first 12 monthly loan payments.

To confirm continued eligibility for the closing document exception, Genworth Quality Control (QC) completes an Independent Validation on a sample of non-delegated closed loans each quarter. Loans are reviewed to ensure that they were closed as expected and documentation is reverified for accuracy.

Genworth may remove a lender's Participating Lender status in a future quarter if in recent quarterly samples, loans were not delivered within 30 days of request or if Significant Defects were identified. Lenders will be notified prior to their Participating Lender status being removed. Genworth will work with non-Participating Lenders to remediate concerns in order to reinstate Participating Lender status.

Participating Lenders and non-Participating Lenders have the option to submit the Closing File for Independent Validation in order to obtain earlier rescission relief as set forth in Section 4a).

#### **4D) VALUATION ONLY**

Lenders have the option to submit loans for Independent Validation of Original Value only. If our Independent Validation does not uncover a Significant Defect, you will have rescission relief for Valuation Defects. If you are interested, please reach out to your local sales representative or Genworth's ActionCenter at 800 444.5664.

A full appraisal or alternative valuation method that we approve must be submitted at <https://mi.genworth.com>. If needed, we have an alternative solution available on our secure submissions portal at <https://miservicing.genworth.com>.

#### **4E) AUTOMATED TOOLS**

For both delegated and non-delegated loans, we will not rescind coverage for a Significant Defect based on inaccurate results obtained from an Automated Tool that we approved for use in underwriting or validating a loan if the following conditions are met:

- You did not obtain any information prior to the Certificate Effective Date that conflicts with or invalidates the results obtained from the Automated Tool, or if you did obtain conflicting information, you updated the Application and provided such information to us prior to the Certificate Effective Date;
- The information provided in the Application accurately reflects the results obtained from the Automated Tool; and
- Use of the Automated Tool complied with the requirements for the use of such Automated Tool as specified in our Underwriting Guidelines

### **5) RESCISSION INFORMATION**

If we rescind coverage under a Certificate, the rescission will be retroactive to the Certificate Effective Date, and we will refund all premium paid on the Certificate in accordance with our Servicing Guide. Our right to rescind coverage under a Certificate is subject to the provisions of Section 17 of the Policy.

### **6) LIFE-OF-LOAN EXCLUSIONS**

Life-of-loan exclusions apply to all loans. Rescission relief will not apply to the following:

- Single Loan Fraud – by Borrower, see Section 4a) YCC Approval above and Section 4b) QC Review above
- Pattern Activity
- Certain data inaccuracies
- Failure to comply with applicable law
- Any loan that is not secured by a valid and enforceable first lien
- Any loan that we are not permitted to insure under applicable law

## 7) OBLIGATION TO SELF-REPORT

Insureds and Servicers are required to notify Genworth within 30 days after becoming aware of a Significant Defect, Single Loan Fraud, or Pattern Activity, or if a loan repurchase is required by an investor. This notification should be sent via email to [Investigations@genworth.com](mailto:Investigations@genworth.com) and include all pertinent information on that loan.

If we have not yet granted rescission relief, we may conduct an Independent Validation on any self-reported loan. If our Independent Validation identifies a Defect, Significant Defect, Single Loan Fraud, or Pattern Activity we may pursue the remedies specified in the Policy.

If we have previously granted rescission relief, we may conduct a second Independent Validation to determine if a life-of-loan exclusion exists.

If our second Independent Validation identifies a life-of-loan-exclusion, we may rescind coverage on the loan.