

# Claim and Foreclosure Bidding Servicing Guide

Revised August 3, 2015

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**GENWORTH MORTGAGE INSURANCE CORPORATION**  
**CLAIM AND FORECLOSURE BIDDING SERVICING GUIDE**  
**JUNE 10, 2013 AND OCTOBER 1, 2014 (*REVISED AUGUST 3, 2015*)**

This *Claim and Foreclosure Bidding Servicing Guide* (the “Guide”) replaces all previous Claims and Foreclosure Bidding Servicing Guides for claims filed on or after the effective date of this Guide.

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## SUMMARY OF CHANGES

Summary of changes effective with this Guide:

- This *Claim and Foreclosure Bidding Servicing Guide* (the “Guide”) replaces all previous Claims and Foreclosure Bidding Servicing Guides for claims filed on or after the effective date of this Guide.
- Clarified document(s) required list

## 1) OVERVIEW

To support the transition to the new Policy, Genworth has established a Master Policy Resource Center on our corporate website at <http://mortgageinsurance.genworth.com/OurCommitment/MasterPolicyResources.aspx> that contains implementation resources, including a high level change summary and FAQ documents.

### 1A) INTRODUCTION

The applicable Policy sets forth the terms and conditions that govern mortgage insurance issued by Genworth. Please refer to the applicable 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 applicable Policy will control. For ease of reference, capitalized terms used and not defined in this Guide have the meanings set forth in Master Policy 1480.

Genworth understands 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 of Appropriate Proceedings
- Foreclosure bidding
- Filing a Claim
- Claim Settlement
- Claim Curtailment

In addition to this Guide, Genworth has other resources available to assist Servicers. Visit our website at <https://miservicing.genworth.com/Publications/Default.aspx> to access Genworth’s (i) Default Management Servicing and Reporting Guide for Default servicing and delinquency reporting requirements and (ii) Lender Servicing Guide for information related to activation, maintenance and cancellation of MI coverage. In addition to links to all Genworth servicing guides, this website contains current announcements and links to servicing forms.

Genworth is 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](mailto: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 GSE Guidelines and foreclosure timelines, the Consumer Financial Protection Bureau's Mortgage Servicing Rule ("CFPB Rule") 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 GSE state foreclosure timelines. Any foreclosure delays must be permitted by GSE Guidelines, the CFPB Rule 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 unless the investor is a GSE. For GSE Loans, Genworth permits Servicers to follow GSE bidding instructions.

Servicers can obtain bidding instructions from:

- The e-Bid tool on the Genworth MI Servicing Website at <https://MIservicing.genworth.com>\*
- The Genworth Claims Department at 800 334.9270 or [gnw.claims@genworth.com](mailto:gnw.claims@genworth.com)

\* To obtain secured access to the e-Bid tool please call the Genworth ActionCenter at 800 444.5664.

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

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

1. Go to <https://MIservicing.genworth.com>
2. Enter your Username and Password and select Log In 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

Note: As mentioned above, if a GSE is the investor of the Loan, it is not necessary to obtain bidding instructions from Genworth. In that case, Servicers need only follow GSE foreclosure bidding instructions.

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 Origination Valuation, 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**

Except in limited circumstances, a Claim may not be submitted prior to acquisition of Borrower's Title or an Approved Sale. The Claim must be filed no later than 60 days following the earliest to occur of:

- Acquisition of Borrower's Title
- The consummation of an Approved Sale
- Expiration of the redemption period (Servicer or Beneficiary can elect to submit a Claim prior to expiration of the applicable redemption period)

Please note if a Claim is not filed timely it may result in a Claim denial or a reduction in the Insurance Benefit due to an adjustment of any interest and Advances accruing after this period.

### **4B) CLAIM FORM**

When filing a Claim with Genworth, the Uniform Mortgage Insurance Claim for Loss form may be used. 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	<a href="http://MIservicing.Genworth.com">MIservicing.Genworth.com</a>
Email	<a href="mailto:gnw.claims@genworth.com">gnw.claims@genworth.com</a>
Fax	919 846.4514
Mail	Genworth Mortgage Insurance Attn: Claims Department 8325 Six Forks Road Raleigh, NC 27615

### 5) CLAIM REQUIREMENTS

#### 5A) DOCUMENTS REQUIRED TO PERFECT A CLAIM

**MP 1480** In order to perfect a Claim, you will need to submit the documentation listed below. Copies of documents are acceptable, unless otherwise noted. It's important that the Servicer include complete documentation and activity notes from all applicable systems in order to perfect the Claim. If any information submitted in support of a Claim is incomplete, please advise Genworth at the time of submission; otherwise, we will consider the submission to be complete in determining whether the Claim is a Perfected 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 or denial of the Claim.** Please contact us if you have any questions about Claim documentation.

**All other Policies** In order to perfect a Claim in accordance with the Policy, you will need to submit the documentation listed below. Copies of documents are acceptable, unless otherwise noted. You must include complete documentation and activity notes from all applicable systems in order to perfect your Claim. Any servicing and loss mitigation documentation provided will be considered a complete submission, unless the Claim submission specifies that the servicing/loss mitigation documentation is incomplete. **Failure to provide complete documentation of all items listed below may cause a delay in processing your Claim and may also result in a reduction or curtailment of Claim benefits. Please note that payment of your Claim will constitute a full and final discharge of Genworth's obligations under the Policy, and Genworth will not consider additional documents submitted after the Claim has been paid.**

#### Documentation Required

- 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
- All invoices related to any Advances or expenses paid including attorney invoices
- Taxes and homeowners insurance expenses claimed, including coverage dates
- Complete pay history with escrow account details from date of Default

Type of Title Transfer	Documentation Required
Foreclosure	<ul style="list-style-type: none"> <li>• Foreclosure deed - unrecorded deed is acceptable</li> <li>• Sheriff's deposit and expense breakdown, if applicable</li> <li>• Appraisal/BPO within 90 days prior to foreclosure sale</li> <li>• Evidence that the Property is being actively marketed</li> </ul>
Third Party Sale of Property Redemption	<ul style="list-style-type: none"> <li>• Copy of third party or redemption check proceeds</li> <li>• Bidding information including final bid</li> <li>• Appraisal or BPO dated no more than 90 days prior to the sale</li> </ul>
Deed in Lieu of Foreclosure	<ul style="list-style-type: none"> <li>• Copy of Deed transferring property</li> <li>• Deed In Lieu approval letter</li> <li>• Appraisal or BPO dated no more than 90 days prior to the deed in lieu</li> <li>• Evidence that the Property is being actively marketed</li> <li>• Borrower contribution information including promissory note, if applicable</li> </ul>
Pre-Settlement Sale (Pre-foreclosure or post foreclosure)	<ul style="list-style-type: none"> <li>• Sale approval letter</li> <li>• Borrower contribution information including promissory note, if applicable</li> <li>• Final HUD-1/Closing Disclosure</li> <li>• Interior appraisal or BPO dated no more than 90 days prior to the sale</li> </ul>
Genworth Acquisition	<ul style="list-style-type: none"> <li>• Recordable but not yet recorded Deed</li> <li>• Evidence of Good and Marketable title</li> <li>• Evidence all property taxes are paid to date</li> <li>• Evidence of all HOA or condo assessments, dues, penalties and interest are current</li> <li>• All liens have been released or satisfied</li> </ul>

**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 GSE pool or second layer coverage, a copy of the primary Claim settlement check and settlement letter
- If GSE pool or second layer coverage and the primary insurance was cancelled due to the loan-to-value falling below 80%, a copy of the original appraisal and a copy of the interior BPO or appraisal showing the value that the cancellation was based on



- VA/FHA Proceeds
- If non-GSE loan, documentation demonstrating the amount of consideration the Beneficiary paid to acquire the Loan (e.g. loan purchase agreement)
- Pay-option ARMs or Loans with negative amortization; a copy of the original note
- Address verification documents such as: origination appraisal or copy of original note
- Documentation related to Borrower Proceedings
- SCRA (Servicemembers Civil Relief Act) documents including qualification documentation

**Please note: Genworth may also request additional documents to support amounts claimed or to document events between Loan Origination and Claim filing, including the complete Loan File.**

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.

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 Section 16.1 of MP 1480 or Applicable Law.

For additional information, the Genworth ActionCenter is available at 800 444.5664.

## 5B) CLAIMABLE ITEMS

### Items Included in the Calculated Loss of a Claim:

- Unpaid principal balance due under the Loan as of the date of Default
- Unpaid accumulated interest due under the Loan computed at the Loan contract rate
- Certain Advances paid by the Servicer or Beneficiary and incurred following the date of Default through the date of Claim submission (or date the Claim should have been submitted if that is earlier) as specified in the applicable Policy, for example:
  - Reasonable and customary Property insurance premiums
  - Real estate taxes and assessments
  - 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

Examples of Items Deducted from the Calculated Loss:

- Funds remaining in the Loan escrow account as of the date the last Loan Payment was made
- Rent and other payments received related to the Property
- Other funds received to reduce the total indebtedness, such as primary mortgage insurance proceeds or FHA/VA proceeds
- Hazard Insurance proceeds

**Please consult the applicable Policy for complete information and details about allowable Advances and specific items included and deducted from the Calculated Loss**, or contact the Claims Department at 800 334.9270 or [gnw.claims@genworth.com](mailto:gnw.claims@genworth.com) for assistance or additional information.

### 5C) SUPPLEMENTAL CLAIMS

**MP 1480** Within 90 days after payment of an Insurance Benefit, the Servicer or Beneficiary will be entitled to submit a supplemental Claim for allowable Advances incurred prior to the date the initial Claim was submitted and actually paid by the Servicer prior to the submission of the supplemental Claim, but not included in the initial Claim.

**All Other Policies** Within 90 days after payment of the Claim, the Insured shall be entitled to submit a supplemental Claim in an amount equal to Advances made prior to the date we received the initial Claim that were not included in the initial Claim.

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

**MP 1480** The Servicer or Beneficiary may, no later than 90 days following receipt of a Claim Denial Notice, Rescission Notice, Company Cancellation Notice or Explanation of Benefits, request in writing that Genworth reconsider its 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. Failure to submit an appeal within 90 days will result in our initial determination becoming final.

Appeals may be submitted via email to [MIClaimAppeals@Genworth.com](mailto: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 Borrower's 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 Genworth may disallow certain Advances if in Genworth's judgment the Advances were not reasonable and customary.

#### 5F) LISTING AND SALE OF REO PROPERTIES

After the Insured has obtained Borrower's Title to a Property, the Property must be diligently marketed. 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 90 days prior to approval. To expedite the evaluation of the offer, please email the offers details to [REOSaleApprovals@Genworth.com](mailto: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.

**MP 1480** 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 applicable Policy for a list and detailed explanation of coverage exclusions under which Genworth may issue a Rescission Notice, Company Cancellation Notice, Claim Denial Notice, or reduce the Insurance Benefit. **Please note that under MP 1480 a Claim Denial notice will be issued if the Servicer or Beneficiary fails to perfect a Claim within 120 days following the submission of a Claim.**

**If you have any questions about coverage exclusions** please contact the Claims Department at 800 334.9270 or [gnw.claims@genworth.com](mailto: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, Genworth may adjust the Calculated Loss 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 Calculated Loss any interest accruing and Advances incurred after such 60-day period.

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

### Loss Mitigation Review

When a Servicer has conducted loss mitigation activity but the efforts do not comply with this Guide, GSE Guidelines and the CFPB Rule, Genworth adjusts the Calculated Loss 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 GSE Guidelines require a certain loss mitigation activity to occur by day 60 of the Borrower's Default, but the Servicer does not engage in that activity until day 90, Genworth may reduce the Insurance Benefit by deducting 30 days of interest and Advances from the Calculated Loss. Any reduction will be itemized in the Explanation of Benefits supplied with the Insurance Benefit payment.

## 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
- Loss on Property Sale Option
- Settlement on Basis of Approved Sale
- Anticipated Loss Option

Please consult the applicable Policy for complete details about the Claim settlement options or contact the Claims Department at 800 334.9270 or [gnw.claims@genworth.com](mailto:gnw.claims@genworth.com) for additional information.

## 6B) EXPLANATION OF BENEFITS (EOB)

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 <https://MIservicing.Genworth.com>.

## 7) CREDIBLE EVIDENCE

**MP 1480** Genworth must have Credible Evidence of an Eligibility Criteria Violation, First Party Misrepresentation or Pattern Activity in order to issue a Rescission Notice rescinding coverage on a Certificate.

**MP 1480** Examples of Credible Evidence include, but are not limited to any one or more of the following:

- Undisclosed Borrower mortgage involving the same loan originator as the subject Loan (as the loan originator should be aware of and detect such other mortgage and ensure it is disclosed as part of the subject Loan Application)
- A review appraisal indicates a variance of fifteen percent (15%) or more in the value of the Property as compared to the Origination Valuation and there is evidence that the appraiser manipulated or selectively utilized information in producing the appraisal that established the Origination Valuation (e.g., if the sales history of the subject Property or its relation to comparable properties is misrepresented)
- Verification of Origination documentation generated by a First Party that was confirmed to be falsified. For example: verification of employment, verification of assets, verification of rent
- Any situation where a straw buyer is presented as the Borrower for purposes of qualifying an otherwise unqualified Borrower if it can be shown the First Party was aware of the straw buyer
- Any situation where the Borrower has presented false identification where it can be shown a First Party was aware
- An investigation by regulators or law enforcement agencies has established that there was First Party Misrepresentation involving the Loan
- A First Party, the Servicer, Insured, Third-Party Beneficiary, or owner of the Loan has reported First Party Misrepresentation to the Company
- The Loan has been repurchased as a result of First Party Misrepresentation
- The final HUD-1/Closing Disclosure indicates that the Borrower received interested party contributions that exceeded the guideline limit
- The final HUD-1/Closing Disclosure indicates that the Borrower failed to make the required down payment at closing
- The final title report indicates an undisclosed second lien on the subject property

## **8) SUBROGATION AND DEFICIENCY JUDGMENTS**

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 the Section 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 11.3 (Deficiency Judgments) of the Policy.

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.