

## **Genworth Mortgage Insurance: Policy on Loans for Properties in Declining/Distressed Markets**

Due to depreciation of real estate values in localized markets, and in accordance with prudent underwriting standards, Genworth Mortgage Insurance will limit loans in certain markets to a maximum LTV of 95%, effective with MI applications received on or after January 7, 2008.

A **List of Declining/Distressed Markets** was created, as determined by Genworth Mortgage Insurance, using a combination of external data provided by Economy.com and internal Genworth metrics, including:

- Forecasted 2008 Home Price Appreciation (HPA) by Metropolitan Statistical Area (MSA)
- Leading Home Price Indicator (LHPI) of markets forecasted with greater than or equal to 5% home price depreciation in 2008
- Estimates of home price decline from Peak to Trough exceeding 10% (as reported by Economy.com) where Peak was considered to be Q3 '05.
- Genworth's proprietary OMNIMarkets model
- Markets where Genworth's 100 LTV performance is problematic

### **Enforcement of Policy**

Loans with LTVs greater than 95% on property addresses located in these markets will be declined for insurance by Genworth via underwriting system edits, effective with MI applications received on or after January 7, 2008. This policy will be applied based upon the published list of Genworth's List of Declining/Distressed Markets as of the mortgage insurance application date. Genworth will provide an online tool to determine if a property location falls within one of the affected markets by ZIP code, county, city, or MSA.

### **Updates To Policy**

Genworth will review and update the List of Declining/Distressed Markets quarterly as information becomes available and as developments in local markets merit. All updates will be posted on our website at [mortgageinsurance.genworth.com](http://mortgageinsurance.genworth.com) and via Genworth Mortgage Insurance sales representatives.