

The Fair Credit Reporting Act and Genworth – Frequently Asked Questions

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Genworth Mortgage Insurance sends notices to borrowers as required by the Fair Credit Reporting Act (FCRA). Please use these FAQs to help address your borrower's questions.

Why does Genworth generate an Adverse Action Notice?

In order to satisfy the requirements of FCRA, we are required to send notices to borrowers with borrower-paid mortgage insurance (BPMI) on loans for one of the following reasons:

- **Adverse Pricing:** any loan that did not receive the best premium rate available within a specific program based on information in the credit report, such as credit score or debt-to-income ratio (DTI)
- **Credit Declination:** a declination based on information in the credit report, such as credit score, serious delinquencies, bankruptcy, foreclosure, etc.

Does Genworth send notices on any Lender-Paid MI products?

Adverse pricing notices are not sent to borrowers with loans insured with Lender-Paid MI (LPMI). However, a notice is sent when an application ordered with LPMI is declined based on credit.

When is a Declination Notice sent and why?

We are required by FCRA to provide to the borrower a notice of our adverse action (either pricing or declination) within 30 days of our decision. When we decline a loan because of the credit score, DTI or other credit-related reasons, the loan is flagged to generate a declination notice. However, the notice is held for a period of time to allow for lender corrections or modifications, if possible. If the decline decision is not reversed, the declination notice will be processed and mailed to the borrower. Separate declination notices are sent to each of the borrowers.

When is the Adverse Pricing Notice sent and why?

We are required by FCRA to provide to the borrower a notice of our adverse action (either pricing or declination) within 30 days of our decision. When we approve a loan and the premium rate applied is not our best rate due to the credit score or DTI, we generate an adverse pricing notice. Typically, these notices are mailed within a few business days of our MI approval. If there is more than one borrower on a loan, separate adverse pricing notices are sent to each of the borrowers.

We mail notices as soon as possible to the borrower's current address (or mailing address if it is provided) to reduce the risk of sending to an invalid address.

What information from the credit report caused the MI premium rate to be higher?

We use the credit score and DTI in determining the MI premium rate. Both are provided by the lender in the MI application.

My borrower has a high credit score; why did they receive an Adverse Pricing Notice?

As MI pricing has become more granular, the credit score for the "best" MI premium rate has increased. Therefore, even borrowers with strong credit scores may not receive the best MI premium rate. In addition, borrowers with the highest scores may receive an adverse pricing notice due to a high DTI ratio.

What information from the credit report does Genworth need for FCRA letters?

The following credit report information is required for our FCRA notices:

- Credit Reporting Agency name, address, and toll-free telephone number, that supplied the credit report
- Credit score
- Key factors that adversely affected the credit score of the consumer
- Date the credit score was created
- Range of possible credit scores (always 350-850)

How does Genworth obtain the necessary information for loans requiring an Adverse Notice?

For non-delegated loans, we obtain the information from the credit report provided by the lender in the loan package submitted for underwriting. For delegated loans, we will pull credit (subject to state variances) when a loan is approved with adverse pricing or declined for a credit-related reason.

If Genworth orders a credit report, will it negatively affect the borrower's credit score?

No. Because we are an insurer and not a creditor, our credit pull is a "soft pull" that does not affect the borrower's credit score.

If Genworth orders a credit report, will it delay the approval and delivery of a Commitment/Certificate of Insurance (C/C)?

No, our credit pull does not delay our approval decision for an MI Commitment, except in Vermont; (see below for details about state variances).

If there are multiple credit scores available for a borrower(s), which one will Genworth use for pricing?

We follow the GSEs' methodology for selecting the representative credit score used for pricing and eligibility; refer to our underwriting guidelines for the details. For non-delegated loans, we use the lender's credit report to select scores. For delegated loans, we use the representative credit score provided by the lender in the MI application.

How will I know if a loan did not receive the best rate available and the borrower will receive an adverse pricing notice?

An adverse pricing message prints on page two of the C/C in the Informational Notes section.

Which states have variances to the process?

There are exceptions to the process in a few states due to state statutory requirements:

- When Genworth pulls a credit report for delegated loans on properties **in New York, Rhode Island, and Colorado**, the borrower will be sent notice of Genworth's intent to pull credit. This notification process does not affect the timing or processing of the MI application.
- **Vermont** requires us to receive prior written consent from the borrower before ordering credit. Since this would delay the loan process, Genworth does not order credit for delegated loans on properties in Vermont. For delegated loans coming through the MI Site, lenders are prompted to key in the credit information when adverse pricing applies. LOS loans are suspended and our National Processing Center contacts the lender to obtain the required FCRA information. The loan will not be approved or declined until the FCRA information is obtained. This process does not apply to non-delegated loans.

What happens when there is more than one borrower on the loan?

When there are multiple borrowers and the MI application is declined for credit or receives adverse pricing, Genworth sends a separate FCRA notice to each borrower. The notice only shows that borrower's credit information and the credit score used for pricing.

How can I get copies of the FCRA notice sent to a borrower?

Please call the ActionCenter® at 800 444.5664 if you would like to receive a copy of the FCRA notice sent to your borrower.