

October 15, 2010

## Subject: Product and Underwriting Guideline Changes

### **1. Home Equity Line of Credit (HELOC) and Investment Property Program**

Effective October 18th, HELOC and Investment Property Program will now be available up to and including 80% LTV.

#### Highlights:

##### Home Equity Line of Credit (HELOC)

- Purchase and refinance up to 80% LTV
- 5- and 10-year interest-only options
- Properties up to four units, with at least one unit owner-occupied
- Up to \$700,000 credit limit
- Minimum 650 credit score
- *For full product information, please refer to the product overview on the Genworth website:*  
[http://www.genworth.ca/content/genworth/ca/en/products/product\\_overviews/heloc.html](http://www.genworth.ca/content/genworth/ca/en/products/product_overviews/heloc.html)

##### Investment Property Program

- Purchase and refinance up to 80% LTV
- Properties up to four units
- 80% rental offset calculation on subject property
- Minimum credit scores:
  - 75.01-80% LTV: Minimum 660
  - <=75% LTV: Minimum 640
- *For full product information, please refer to the product overview on the Genworth website:*  
[http://www.genworth.ca/content/genworth/ca/en/products/product\\_overviews/investment\\_property.html](http://www.genworth.ca/content/genworth/ca/en/products/product_overviews/investment_property.html)

### **2. Rental Income Changes – Treatment of Other Rental Properties**

Effective immediately, Genworth has amended the existing guideline regarding the treatment of other rental properties owned by the borrower(s):

For borrowers with other rental properties, the rental income may be confirmed with T1 Generals from the most current year.

- If there is a rental surplus – The surplus amount can be added to the borrower's gross annual income.
- If there is a shortfall – The shortfall amount must be added to "Other Monthly Obligations".

Where rental income cannot be validated with T-1 Generals, one of the following guidelines may be applied:

- Include the full principal and interest in "Other Monthly Obligations", and 50% of gross rental income may be added to the borrower's gross annual income. Or
- - **NEW** - Calculate the net rental income (gross rents less operating expenses) in accordance with the lender's internal guidelines. At a minimum, operating expenses should account for the following: mortgage interest, vacancy and maintenance. If there is a rental surplus, it can be added to the borrower's gross annual income. If there is a shortfall, the shortfall amount must be added to "Other Monthly Obligations".

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If you have any questions regarding these guideline changes, please contact your Business Development Leader or the undersigned.

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