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## PRESS ANNOUNCEMENT

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### U.S. MORTGAGE PAYMENT INDEX SHOWS THAT LOW DOWN PAYMENT BUYERS STILL HAVE SAFE, SECURE OPTIONS

*Wharton Professor Also Calls for Greater Homeowner Assistance from Industry in 2008*

**Philadelphia** – As the mortgage lending market continues to tighten, first time homebuyers with low down payments still have choices, according to Dr. Susan M. Wachter, Professor of Real Estate and Finance at the University of Pennsylvania's Wharton School. Today, with support from Genworth Financial, Dr. Wachter released her fourth quarter 2007 *U.S. Mortgage Payment Index*, reviewing the lessons of the "mortgage meltdown" and recommending steps forward.

Dr. Wachter's Index shows that both borrowers and lenders steered clear of risk and opted for safer mortgages in the latter part of 2007. Adjustable-rate mortgage applications dropped 39.6 percent from January 2007 to January 2008, while applications for fixed-rate loans climbed 60.1 percent in the same period. Borrowers who put down less than 20 percent on a home are flocking to insured, single mortgages rather than risky piggyback loans. The number of borrowers using private mortgage insurance jumped 41 percent in the first nine months of 2007 over that period the previous year, a trend that is expected to continue as mortgage insurance premiums are now tax deductible through 2010.

"I am concerned that the wipeout of subprime lending may have a long-term negative impact on the credit market," Wachter said, "From an economic perspective, we need to find ways to keep the market moving and first time buyers are an important part of the equation. There are responsible ways to get these borrowers into homes, and they include traditional home financing, such as fixed-rate mortgages backed by private or government mortgage insurance."

In the most recent *U.S. Mortgage Payment Index*, Wachter offers lessons and tips for three audiences who know the impact of the mortgage meltdown first-hand: borrowers, lenders and brokers, and real estate professionals. She also counsels the lending industry to focus on homeowner assistance programs in 2008, as more borrowers are on the verge of rate resets and rising mortgage payments. Professor Wachter's 2008 series will focus on homeowner assistance efforts.

"While it's important to address a way out of today's market turmoil, let's not forget that hundreds of thousands of Americans are still entrenched, and many more will be affected over the coming years," Wachter said. "Lenders, policymakers and consumer advocates have a responsibility to work together to help these borrowers keep their homes and avoid foreclosure. Loan modifications and other programs can mitigate the crisis if all parties involved commit to finding individual solutions."

Published quarterly by Dr. Wachter, and in association with Genworth Financial Inc., the *U.S. Mortgage Payment Index* evaluates which mortgage products offer borrowers the best value, comparing payments for various mortgage options. Wachter's fourth quarter analysis finds that monthly payments on long-term, fixed-rate loans with mortgage insurance remain steady over five years – with one product dropping by 9.6 percent. Since combination, or piggyback, loans are subject to rate resets, payments can jump as much as 155.6 percent in five years.

The following mortgages are featured in the new Index for January. The first amount reflects the payment in month one, the second amount reflects the payment in month 61:

- 30-year Fixed with Monthly Mortgage Insurance: \$1,350 / \$1,220 (drops 9.6%)
- 30-year Fixed with Single Financed Premium Mortgage Insurance: \$1,255 / \$1,255 (no change)
- Combo: 30-year Fixed and HELOC: \$1,288 / \$1,396 (rises 8.4%)
- Combo: 30-year Fixed and Closed-End Second: \$1,287 / \$1,287 (no change)
- Combo: 10/1 Interest-Only ARM and HELOC: \$1,188 / \$1,295 (rises 9%)
- Combo: Pay Option ARM and HELOC: \$667 / \$1,705 (rises 155.6%)

To view the full fourth quarter 2007 index, please visit: [www.genworth.com/mortgageinfo](http://www.genworth.com/mortgageinfo).

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