



Genworth  
Financial

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Consumer Protection Codes Department  
Financial Regulator  
PO Box 9138  
6-8 College Green  
Dublin 2

2 September 2010

Dear Sirs,

RE: Consultation Paper CP 46 – Review of Code of Conduct on Mortgage Arrears

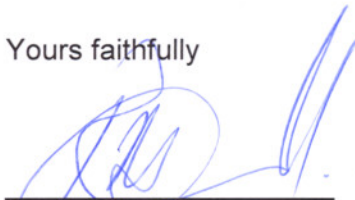
Genworth Financial is a leading financial security company serving the lifestyle protection, retirement income, investment and mortgage insurance needs of more than 15 million customers, with operations in 25 countries. We are authorised by the Financial Services Authority in the UK and operate through branches in Ireland so we are affected by these proposals. We have had a presence in Ireland since 1986 and we are a significant Irish employer through our main operational centre in Shannon and our Dublin office. We gave oral evidence to the Advisory Group on Mortgage Arrears and Personal Debt in May of this year with regard to mortgage indemnity insurance and therefore welcome the chance to submit the following brief comments and observations:

1. We agree with the Regulator's overall objective of preventing homeowners from losing their property through better communication, arrears handling and appeal provisions. At the same time, however, it needs to be realised that for the Irish housing market to become fully functioning again, foreclosures need to be allowed to happen as a last resort.
2. Our main concern with regard to arrears management is that the lending industry is currently approaching workouts (solutions to keep the Consumers in their homes) in very different ways. Some lenders apply more sophisticated workouts whilst others are being rather conservative in their approach. We would urge the Regulator to include a standardised approach to workouts in this Code and would appreciate a face-to-face meeting to explain what a standardised workout toolbox should look like. We work with over 50 individual mortgage lenders across Europe and therefore have a vast depth of best practice knowledge. We can also leverage off the global expertise of our American, Canadian and Australian businesses. We would be happy to follow up with more specific proposals on workouts if you feel that would be of assistance in your deliberations.
3. Such a standardised workout toolbox would also help alleviate differences in interpretation that could result from the application of paragraph 33 f) as drafted: We firmly believe that capitalising arrears where the consumer is paying interest only should be possible, but some lenders appear to be interpreting that the revised Code, as drafted, would prevent this. Some clarification is needed.

4. A further concern in the consultation paper relates to point 43 which stipulates that the lender may reserve the right to enforce the mortgage agreement, subject to a waiting period of twelve months, if a revised repayment arrangement has not been agreed etc. The problem with this clause, as we see it, is that it is open to abuse: If the 12-month moratorium on foreclosure proceedings begins every time a new repayment arrangement has been agreed between borrower and lender, then the borrower could potentially make one additional revised repayment before defaulting again for several months and so on without ever having to risk repossession. The lender will be under pressure to accept these one-off repayments, thereby extending the age of the account indefinitely. If this was allowed to continue, lenders could simultaneously refuse to enter into new repayment arrangements for genuine borrowers who are keen to work out a practical solution to what is in most cases a temporary difficulty. We would urge the Regulator to redraft this clause to the effect that no litigation should take place before the account is 12 months contractually overdue unless the consumer is not cooperating (refusing contact) or the property is confirmed as abandoned.

Please do not hesitate to contact me if you have any further queries.

Yours faithfully



Redmond McDonnell  
Managing Director - Ireland  
Lifestyle Protection and Mortgage Insurance

#### Background to Genworth Financial

In Ireland Genworth Financial focus on two product categories: Lifestyle Protection (LP) and Mortgage Indemnity Insurance (MII). We employ 425 people across our Dublin office and our Shannon Centre of Excellence. The latter administers LP claims for customers in Ireland, the UK and throughout Europe and provides premium policy services for all our European customers.

Genworth has long standing relationships with the major financial institutions in both the Irish and broader European market with over 200 clients spread across 20 countries.

We have provided mortgage indemnity insurance cover on 41000 mortgages in Ireland at present. On the LP side, 1.6 million new policies were processed in 2009 (individual and bulk), and 280 000 claim payments were made in 2009 (95% of claims decisions are made within five working days).

