



Underwriting Guidelines

Enact Mortgage Insurance underwritten by:
Enact Mortgage Insurance Corporation

EnactMI.com

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Enact®

ENACT UNDERWRITING GUIDELINE CHANGES AND CLARIFICATIONS

The following guideline changes and clarifications will be effective for MI Applications received on or after January 10, 2025, unless otherwise specified. The Underwriting Guidelines with complete details will be updated and available on our website, [EnactMI.com](https://enactmi.com) on January 10, 2025.

Guideline Updates Effective January 10, 2025			
Topic	Section	Old Guideline	New Guideline
Various 2025 Loan Amount Updates	Various sections	Simply Underwrite and Standard Guidelines: Not addressed	Simply Underwrite and Standard Guidelines: <ul style="list-style-type: none"> Simply Underwrite updates effective 12/7/2024 to align with 2025 FHFA Loan Limits Standard Guideline updates effective 12/14/24
Affordable Housing/HFA Program Documentation	4.5	Standard Guidelines: <ul style="list-style-type: none"> Documentation of completion of homebuyer education, as may be required, must be maintained in the Origination File and supplied to Enact upon request. Lender must maintain a copy of the Homebuyer Education Disclosure in the Origination File. Documentation of signed Authorization for Counseling form, as may be required, must be maintained in the Origination File and supplied to Enact upon request. 	Standard Guidelines: <ul style="list-style-type: none"> Follow GSE standard guidelines for documentation of Homebuyer Education. The Lender must maintain a copy of the documentation in the Origination File and supply a copy to Enact upon request.
Borrower Eligibility	5.9	Simply Underwrite and Standard Guidelines: Not addressed	Simply Underwrite and Standard Guidelines: <ul style="list-style-type: none"> The Lender must determine that the borrower is lawfully present in the U.S. and has an expectation of continuous residency in the U.S. Enact does not review visa or other documentation in lieu of the Lender's own review and determination. The Borrower must be subject to all U.S. laws and regulations.
Credit Underwriting and Traditional Credit Evaluation	7.4 , 7.4.1 , 7.5	Standard Guidelines: Credit history using credit scores requires a minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months.	Standard Guidelines: Clarifying that a credit history using credit scores requires a minimum of three (3) tradelines/credit references open or closed, evaluated at least 12 months for each Borrower .

Guideline Updates Effective January 10, 2025			
Topic	Section	Old Guideline	New Guideline
IRS Form 4506-C, 8821 or 4506	7.2 , 7.11.11	Standard Guidelines: For Enact underwritten loans, a condition for the signed tax returns/transcripts may be placed on the Commitment/Certificate of Insurance. You are not required to submit the signed documentation to us prior to certification; however, the documentation must be retained in the Origination File after it has been obtained and must match the unsigned tax returns/transcripts used for underwriting.	Standard Guidelines: <ul style="list-style-type: none"> Updating requirements to no longer condition for IRS forms for Enact underwritten loans. The Lender is not required to submit the signed documentation to Enact prior to certification; however, the documentation must be retained in the Origination File after it has been obtained and must match the unsigned tax returns/transcripts used for underwriting.
Manufactured Housing	4.3 , 4.7 , 7.12	Simply Underwrite and Standard Guidelines: HUD Data Plate and HUD Certification must be present in the unit. A verification letter with the same information contained on the HUD Certification Label from the Institute for Building Technology and Safety (IBTS) is an acceptable alternative when the HUD Data Plate and HUD Certification Label are not present.	Simply Underwrite and Standard Guidelines: <ul style="list-style-type: none"> HUD Data Plate and HUD Certification requirements must meet GSE standard guidelines. Single-wide manufactured housing is limited to Primary Residences.
Non-Agency or Portfolio Rate/Term Refinance Transactions – Appraisal Requirements	7.17.1.2	Standard Guidelines: Not addressed	Standard Guidelines: The following appraisal requirements apply for non-agency/portfolio rate/terms refinance transactions. <ul style="list-style-type: none"> The appraisal report from the original transaction is acceptable when the effective date of the report is less than 120 days prior to the Application Date of the subsequent transaction An Appraisal Update and/or Completion Report (Form 1004D/442) is allowed if the appraisal report from the original transaction meets all of the requirements in Section 7.17.1.2.

TABLE OF CONTENTS

1	USING THE MANUAL.....	6
1.1	Sequence.....	6
1.2	Navigation Features.....	6
1.3	Notes, Footnotes and Overlays	6
2	FREQUENTLY USED TERMS.....	7
3	INTRODUCTION	8
3.1	Fair Lending	8
3.2	Homeowners Protection Act.....	8
3.3	Compliance with Law	8
3.4	Simply Underwrite® (03/01/20)	8
3.5	Standard Guidelines	8
3.6	Affordable Housing and Housing Finance Agency Programs	9
3.7	Portfolio Dispersion.....	9
4	ELIGIBILITY MATRICES	10
4.1	Simply Underwrite Eligibility (01/10/25)	10
4.2	Simply Underwrite Affordable Housing / HFA Eligibility (01/10/25).....	13
4.3	Standard Guidelines Eligibility (01/10/25)	16
4.4	This section has been removed. (01/12/24)	20
4.5	Standard Guidelines Affordable Housing / HFA Program Eligibility (01/10/25).....	20
4.6	This section has been removed. (12/16/19)	24
4.7	Standard Guidelines Construction-to-Permanent Eligibility (01/10/25)	25
4.8	Professional Program (01/10/25)	28
4.9	Nontraditional Credit Guidelines (01/10/25).....	30
5	ALL LOANS	33
5.1	Commitment/Certificate of Insurance Terms, Conditions, Extensions, Reinstatements (01/13/23).....	33
5.1.1	Commitment Terms	33
5.1.2	Underwriting Conditions.....	33
5.1.3	Commitment Extensions.....	33
5.1.4	Commitment Reinstatements	33
5.2	Changes Prior to Certification: Requiring Prior Approval	33
5.3	Changes Prior to Certification: Not Requiring Prior Approval.....	34
5.4	Modifications.....	34
5.5	Closed Loans (04/01/21)	34
5.6	Pre-Approvals	34
5.7	Certificate Activation (01/12/24).....	34
5.7.1	Zero Monthly Commitments.....	34
5.7.2	All Other Premium Plans (Annual, Monthly, Single Premium, Split Premium):.....	34
5.7.3	Construction-to-Permanent Loan Activation Options.....	35
5.8	Ineligible Loan Features (01/10/25).....	35
5.8.1	Loan Features or Programs Requiring an Enact Underwrite	36
5.9	Borrower Eligibility (01/10/25).....	36
5.9.1	Non-Permanent Resident Aliens	37
5.9.2	Permanent Resident Aliens	37
5.9.3	Inter Vivos Revocable Trusts.....	37
5.10	Maximum Enact Insured Properties (09/18/21).....	37
5.11	Previously Paid Claim	37
5.12	Qualifying Ratios (01/12/24)	37
5.12.1	Debt-to-Income Ratio (DTI)	37
5.12.2	Housing Expense-to-Income Ratio (HDI).....	38
5.13	Occupancy Eligibility (01/13/23)	38
5.13.1	Primary Residence	38
5.13.2	Second Homes	38
5.13.3	Investment Properties.....	38
5.14	LTV/CLTV/GLTV/TLTV (01/10/25).....	39
5.14.1	Maximum CLTV.....	39
5.14.2	Types of Subordinate Financing.....	39
5.15	Refinance Transactions (01/12/24) - This has been moved to section 7.17.	39
5.16	Eligible Loan Types (01/12/24).....	39

5.16.1	Fixed Rate/Fixed Payment	39
5.16.2	Adjustable Rate Mortgages (ARMs)	39
5.16.3	ARM Index.....	39
5.16.4	Five Year Fixed Period ARM	40
5.16.5	Lifetime Caps on ARM Loans.....	40
5.16.6	Minimum Initial Fixed Period.....	40
5.16.7	Per Adjustment Caps on ARM Loans	40
5.16.8	Qualifying Rate on ARMs	40
5.17	Temporary Buydowns (01/12/24)	40
5.18	Guidelines for Property and Appraisals (01/10/22)	40
5.18.1	Ownership	40
5.18.2	Eligible Property Types.....	40
5.18.3	Energy-Efficient Properties.....	40
5.18.4	Mixed Use Properties	41
5.18.5	Acreage/Rural Properties	41
5.18.6	Ineligible Properties.....	41
5.18.7	Community Land Trusts and Deed/Resale Restrictions	41
5.19	Detached PUDs and Detached Condominiums	41
5.19.1	Detached PUDs.....	41
5.19.2	Detached (Site) Condominiums.....	41
5.20	Project Acceptance.....	42
5.21	Project Concentration	42
5.22	Attached PUDs and Attached Condominiums Guidelines (06/25/18).....	42
5.22.1	Attached PUD Unit	42
5.22.2	Attached Condominiums.....	42
5.22.3	Condominium Project Review Types.....	42
5.23	Attached Condominium Eligibility Requirements.....	42
5.23.1	Leasehold Condominiums	43
5.24	Cooperative Units Eligibility Requirements (01/12/24)	43
5.24.1	This section has been removed (03/01/20).....	43
5.24.2	Co-op Project Eligibility Requirements	43
5.25	Declining Property Values and Geographic Guidelines	44
5.26	Non-Arm's Length Transactions	44
5.27	Property Flipping - This section has been removed (01/12/24).....	44
5.28	Disaster Policy (01/10/22).....	44
5.29	Appraisal Documentation and Age - This section has been removed (1/10/25).....	44
5.30	Builder/Seller Contributions (01/12/24)	45
5.31	Relocation Loans (08/05/19).....	45
5.31.1	Employer Relocation Programs.....	45
6	SIMPLY UNDERWRITE	46
6.1	Simply Underwrite (01/12/24).....	46
6.1.1	GSE AUS Recommendations and Risk Classifications for Simply Underwrite.....	46
6.2	GSE AUS Underwriting Obligations (09/18/21).....	46
6.2.1	DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate	46
6.2.2	DU and Loan Product Advisor Data Accuracy	47
6.2.3	Overlays	47
6.2.4	Eligibility Exclusions	47
7	STANDARD GUIDELINES.....	48
7.1	Standard Guidelines Documentation Requirements (01/12/24).....	48
7.2	Standard Guidelines Documentation (01/10/25).....	48
7.2.1	LTV 95.01 – 97% - This section has been removed. (01/13/23).....	49
7.2.2	LTV/CLTV/GLTV/TLTV - This section has been removed. (12/16/19).....	49
7.3	Balloon/Call Options (01/13/23)	49
7.4	Credit Underwriting (01/10/25)	50
7.4.1	Traditional Credit Requirements.....	50
7.4.2	Nontraditional Credit Requirements.....	50
7.5	Traditional Credit Evaluation (01/10/25).....	51
7.6	Credit Underwriting: Using Nontraditional Credit (01/13/23).....	51
	The Nontraditional Credit Guidelines have been moved to Section 4.9.....	51
7.7	Collections, Judgments or Liens (01/12/24)	51
7.8	Consumer Credit Counseling	52

7.9 Pending Lawsuits	52
7.10 Assets and Liabilities (01/10/25).....	52
7.10.1 Eligible Sources of Funds	52
7.10.2 Repayment of Debts.....	53
7.10.3 Borrower's Minimum Contribution and Reserves.....	53
7.10.4 Pooled Savings as Debt - This section has been removed (01/12/24)	54
7.10.5 Asset Documentation	54
7.11 Employment and Income (01/10/25)	54
7.11.1 Self-employed Income.....	54
7.11.2 Salaried or Other Income.....	54
7.11.3 New Employment Income, Compensation Increases and Employment Contracts	55
7.11.4 Employment Gap – This section has been removed. (01/12/24).....	55
7.11.5 Foreign Income.....	55
7.11.6 Deferred Income – This section has been removed. (01/12/24).....	55
7.11.7 Education Benefits – This section has been removed. (01/12/24).....	55
7.11.8 Trailing Co-Borrower Income – This section has been removed. (01/12/24).....	55
7.11.9 Non-Occupant Co-Borrowers	55
7.11.10 Temporary Leave Income – This section has been removed. (01/12/24).....	55
7.11.11 Employment and Income Documentation.....	55
7.12 Manufactured Housing Requirements (01/10/25).....	56
7.13 Two Individual Residential Dwellings on One Lot	56
7.14 Acreage - This section has been removed. (01/10/22).....	57
7.15 Renovation Mortgages (01/12/24).....	57
7.15.1 Renovation Programs.....	57
7.15.2 Completion Escrows.....	57
7.16 Energy Improvement Features (07/01/19)	57
7.17 Refinance Transactions (01/10/25).....	58
7.17.1 Rate/Term Refinances (Fannie Mae's Limited Cash-Out and Freddie Mac's No Cash-out).....	58
7.17.2 Cash-out Refinance Guidelines.....	59
7.17.3 GSEs' Delayed Financing Exception.....	59
8 PRODUCT GUIDELINES	60
8.1 Fannie Mae RefiNow and Freddie Mac Refi Possible Programs (09/18/21)	60
8.1.1 This section has been removed. (09/18/2021).....	60

1 Using the Manual


1.1 Sequence

Information in the manual is presented in the following order:

- The **Introduction** provides general information and an overview of doing business with Enact Mortgage Insurance (Enact).
- The **Eligibility Matrices** provide the eligibility criteria loans must meet to qualify for Enact's mortgage insurance.
- The **All Loans** section provides detailed requirements for doing business with Enact and requirements for Certificate activation. The guidelines in this section apply to both Simply Underwrite and Standard Guidelines.
- The **Simply Underwrite Guidelines** provide information on Enact's program for DU Approve/Eligible, or Loan Product Advisor Accept, Eligible for Purchase loans that meet certain parameters.
- **Standard Guidelines** apply to loans that are manually underwritten without a GSE AUS recommendation or risk classification or loans that do not meet our Simply Underwrite Guidelines.
- **Product Guidelines** include Fannie Mae RefiNow and Freddie Mac Refi Possible Refinance Programs.

1.2 Navigation Features

The following navigation features are available in the PDF version of the manual:

1. Use the **Table of Contents** to navigate directly to a topic by clicking on the topic or page number.
2. Use the **Bookmarks** pane in a similar manner to navigate to a section or topic. Click on the  (bookmarks) icon in the **Bookmarks** pane to view and click on sections in the document. The location of the **Bookmarks** pane may vary dependent upon the web browser being used, typically it is located on the left side of the page.
3. Use the **Find** feature to locate all occurrences of a word or phrase. To use the **Find** feature:
 - Press the **Ctrl** and **F** keys together on your keyboard.
 - In the text box that appears, type in the word or phrase and press **Enter**.
 - Press the **Previous** or **Next** buttons to view all occurrences of the term.
4. **Hyperlinks** are provided throughout the manual to navigate directly to a section or external reference. When using a hyperlink within the manual, you can easily return to the location where you first selected the hyperlink by pressing the **Alt** and the **Left Arrow** keys together on your keyboard.
5. **Side-bar section indicators** have been added for quick reference. Whether printed or viewing online, you will be able to easily identify which section of the manual you are in.

1.3 Notes, Footnotes and Overlays

Throughout the manual, important information is highlighted as notes within the body of the manual, and as footnotes below tables.

- Footnotes are in bold blue or white font, numbered and indicated by superscript.
- Notes are indicated by the word **Note** in bold black font and the text of the note is in blue italic font.
- Enact guideline overlays are in red font throughout the manual

2 Frequently Used Terms

Frequently Used Terms			
Term	Definition		
Collateral Underwriter®	Trademarks of Fannie Mae.		
CU®			
Desktop Underwriter®			
DU®			
HomeReady®			
Community Seconds®			
MH Advantage®			
HFA Preferred™			
Fannie Mae RefiNow™			
Loan Product Advisor®	Trademarks of Freddie Mac.		
LPA SM			
Home Possible®			
HFA Advantage®			
Affordable Seconds®			
CHOICEHome®			
Freddie Mac Refi Possible® Mortgage			
Condo Project Advisor®			
Units	Conforming Loan Limits		High-Cost Area Loan Limits*
	Contiguous States, District of Columbia	Alaska & Hawaii	Contiguous States, District of Columbia
1	\$806,500	\$1,209,750	\$1,209,750
2	\$1,032,650	\$1,548,975	\$1,548,975
3	\$1,248,150	\$1,872,225	\$1,872,225
4	\$1,551,250	\$2,326,875	\$2,326,875
Notes:			
<ul style="list-style-type: none">Alaska and Hawaii do not have any high-cost areasEnact does not insure properties in Guam, Puerto Rico and Virgin Islands, see section 5.25References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits			

3 Introduction

Welcome to the Enact Mortgage Insurance Underwriting Guidelines Manual.

Enact promotes clarity and simplicity in our guidelines. We will insure loans that are manually underwritten or underwritten by a Government Sponsored Enterprise (GSE) automated underwriting system (AUS). Fannie Mae's Desktop Underwriter® (DU®) and Freddie Mac's Loan Product Advisor® are referred to throughout this book as a GSE AUS(s).

3.1 Fair Lending

It is Enact's policy to provide all creditworthy applicants equal access to the capital, products, services and expertise of the corporation and its employees without regard to race, color, sex, religion, national origin, handicap, familial status, age, marital status, sexual orientation, geographic location or any other prohibited basis as defined by federal and state law. We require appraisers to report neighborhood and property conditions in factual and specific terms; to be impartial and specific in describing favorable or unfavorable factors; and to avoid the use of subjective, racial or stereotypical terms, phrases, or comments in the appraisal report. We do not designate certain areas as "acceptable" or "unacceptable". Enact does not "red line."

3.2 Homeowners Protection Act

The Homeowners Protection Act (HPA), which applies to loans closed on or after July 29, 1999, addresses private mortgage insurance disclosure and cancellation. It provides for cancellation of mortgage insurance when certain conditions are met and requires disclosure at origination and during loan servicing. Refer to [Enact's Lender Servicing Guide](#) for more information about cancellation or termination of mortgage insurance.

3.3 Compliance with Law

Loans must comply with federal, state and local law regulations, ordinances, rules and orders.

3.4 Simply Underwrite® (03/01/20)

Simply Underwrite is Enact's program for DU Approve/Eligible, or Loan Product Advisor Accept, Eligible for Purchase loans that meet certain parameters. The guidelines and documentation levels determined by the GSE AUS generally align with our Simply Underwrite requirements.

Enact does not automatically approve loans for mortgage insurance based solely on recommendations obtained from a GSE AUS or an Automated Tool such as Fannie Mae's Collateral Underwriter (CU) or Freddie Mac's Condo Project Advisor. While the GSE AUS or Automated Tool provides its assessment and our guidelines establish the minimum eligibility criteria, we rely on our underwriter's experience and prudent underwriting to evaluate the overall likelihood that the loan will perform. Our underwriters utilize their underwriter discretion with every loan decision. Meeting the eligibility criteria for Simply Underwrite may not translate into an Enact loan approval. It is our underwriters' responsibility to thoroughly and thoughtfully evaluate the total Origination File, weighing the degree of risk of each loan factor individually and in combination with others. We will make the determination that the credit worthiness and capacity of the borrower, as well as the collateral, represent an acceptable risk to Enact.

3.5 Standard Guidelines

Enact's Standard Guidelines apply to loans that are manually underwritten without a GSE AUS recommendation or risk classification or loans that are not eligible for our Simply Underwrite Guidelines. These loans can either be submitted to Enact for a full package underwrite (Enact underwrite) or underwritten by the lender using its delegated underwriting authority.

Our guidelines generally align with Fannie Mae and Freddie Mac guidelines (GSE standard guidelines) to ensure simplicity in the underwriting process. GSE standard guidelines are defined as either Fannie Mae's or Freddie Mac's most currently published Selling or Seller Guide guidelines. Underwrite your loans to GSE standards with the exceptions and additional requirements/clarifications in this manual and your loan will be eligible for our insurance.

Guideline variances granted by Fannie Mae and Freddie Mac are outside of published Selling/Seller guidelines. Delegated lenders must submit the variance to Enact for written approval to obtain a program approval or submit each loan to Enact for underwriting. Non-delegated lenders must submit each loan for underwriting. To view guideline variances that are eligible for Simply Underwrite, see [section 6.2.4](#).

When Enact's underwriting manual is "silent" and does not address a guideline, the lender must follow GSE standard guidelines. If you typically adhere to Fannie Mae guidelines for underwriting, follow [Fannie Mae's Selling Guide](#) guidelines when we are silent. Likewise, follow [Freddie Mac's Seller Guide](#) guidelines, if you typically adhere to Freddie Mac guidelines. For all other situations, follow the least restrictive of the agencies' guidelines.

We recognize that not every loan falls within these guidelines and may deserve special consideration. Loans outside of our guidelines may benefit from the flexibility provided by our underwriters and must be submitted to Enact for a full package underwrite.

3.6 Affordable Housing and Housing Finance Agency Programs

Enact has a special commitment to serve low-to-moderate income borrowers through our Affordable Housing and Housing Finance Agency (HFA) efforts. We work closely with our customers on Affordable Housing products and programs designed to meet the needs of diverse markets. These programs may result from partnerships with local and state HFAs and nonprofit community organizations throughout the country. While Enact has made a strong commitment to Affordable Housing, we have not reduced our commitment to sound risk management practices. We wish to partner with our customers who share Enact's dedication to high quality Affordable Housing lending.

Note:

- *Guidelines for DU HomeReady® and Loan Product Advisor Home Possible® loan programs that are eligible for Simply Underwrite can be found in [section 4.2](#).*
- *Guidelines for manually underwritten Affordable Housing and HFA loans, can be found in [section 4.5](#).*

3.7 Portfolio Dispersion

Enact monitors the dispersion of our customers' portfolios. Enact periodically reviews a customer's performance, geographic distribution, mix of loan characteristics, project concentration, loan origination sources, and concentration of high risk products, and compares the results to Enact's portfolio actual and targeted mix and performance. On occasion, Enact may also review a customer's operational policies and processes. As necessary, observations and suggestions will be shared with our customers.

4 Eligibility Matrices

4.1 Simply Underwrite Eligibility (01/10/25)

Simply Underwrite is Enact's program for DU Approve/Eligible, or Loan Product Advisor Accept, Eligible for Purchase loans that meet certain parameters. The guidelines and documentation levels determined by the GSE AUS generally align with our Simply Underwrite requirements.

Simply Underwrite Program Requirements				
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent				
Property Type	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score	Maximum DTI ¹
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing ²	97%	Agency Base Conforming	600 ³	Per DU & Loan Product Advisor
	95%	FHFA High Cost		
2 units	95%	FHFA High Cost		
3 units	95%	Agency Base Conforming		
4 units	95%	Agency Base Conforming		
Second Home – Purchase, Rate/Term Refinance & Construction-to-Permanent				
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing	90%	FHFA High Cost	620	Per DU & Loan Product Advisor
Investment Property, Purchase & Rate/Term Refinance				
Single family (detached & attached), Condominiums	85%	FHFA High Cost	620	Per DU & Loan Product Advisor
¹ Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.				
² Fannie Mae MH Advantage® and Freddie Mac CHOICEHome® properties must be identified as manufactured homes				
³ A minimum credit score of 600 is eligible for loans with the following attributes: Primary Residence, Purchase, Rate/Term Refinance transactions.				
Description	In addition to Approve/Eligible or Accept/Eligible loans, the following may be eligible for Simply Underwrite <ul style="list-style-type: none">• Approve/Ineligible or Accept/Ineligible for ARM Plan• Approve/Ineligible or Accept/Ineligible for LTV - For a 1-unit primary residence with LTV 95.01 – 97%• GSE published Renovation Mortgage Programs and Cooperative Share Mortgages are eligible for Simply Underwrite.• HomeReady and Home Possible are eligible for Simply Underwrite. For more information, see section 4.2.			
Documentation	<ul style="list-style-type: none">• Follow the documentation required by DU & Loan Product Advisor.• Additional documentation may be warranted to support the underwriting decision, per Fannie Mae and Freddie Mac guidance.			

Simply Underwrite Program Requirements	
Appraisal	<ul style="list-style-type: none"> Appraisal Waivers, Inspection-Based Waivers/Property Data Report (PDR) and Hybrid Appraisals are eligible when offered by DU or LPA per GSE guidelines. Enact will grant MI rescission relief for property value on loans with appraisals receiving a CU Risk Score of ≤ 2.5, subject to the following Fannie Mae criteria: <ul style="list-style-type: none"> Loan is AUS Eligible per Desktop Underwriter® (DU®) and the appraisal qualifies for limited review according to CU Day 1 Certainty® Eligibility requirements for appraisals with CU scores ≤ 2.5 One of the following documents must be present in the Origination File: <ul style="list-style-type: none"> DU CU Findings from CU, or CU Print Report, or UCDP® Submission Summary Report (SSR) from CU
Minimum Borrower Contribution	<ul style="list-style-type: none"> As determined by DU & Loan Product Advisor. Gift funds will be considered an acceptable source of funds for meeting the borrower's minimum contribution. Follow GSE requirements for eligible sources of personal gifts, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds.
Subordinate Financing	<p>Follow DU CLTV/HCLTV or Loan Product Advisor TLTV/HTLTV calculations and maximums.</p> <p>Note: <i>Loans utilizing Community Seconds or Affordable Seconds are considered Affordable Housing Loans and must be identified as such to utilize higher CLTV limits. For more information, refer to section 4.2, and section 4.5.</i></p>
Reserves	As determined by DU & Loan Product Advisor.
Loan Type	As determined by DU & Loan Product Advisor.
Nontraditional Credit	<ul style="list-style-type: none"> As determined by DU & Loan Product Advisor Loans receiving a DU Approve/Ineligible recommendation or Loan Product Advisor Accept/Ineligible risk classification must be manually underwritten according to the Nontraditional Credit Guidelines - section 4.9.
Attached PUD, Attached Condominium and Cooperative Projects	<ul style="list-style-type: none"> The lender must determine if the attached PUD, attached condominium and cooperative project meets the applicable GSE project warranties and documents the project acceptance according to GSE guidelines. Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements. Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines. Cooperative projects must be located in Fannie Mae's designated markets. See section 5.24. <p>Note: <i>Loans in attached condominium projects that do not meet project eligibility/acceptance requirements may be submitted to Enact for consideration on a case-by-case basis. See section 5.23.</i></p>
Acreage	<ul style="list-style-type: none"> As determined by DU & Loan Product Advisor. There is no maximum acreage requirement under Simply Underwrite Guidelines.
Eligibility Exclusions	<ul style="list-style-type: none"> Lender-negotiated guideline variances, waivers or programs unless approved by Enact.
Other Underwriting Requirements	<ul style="list-style-type: none"> Follow Simply Underwrite section 6.1. See section 4.7 for Construction-to-Permanent Activation instructions Enact does not insure the following: Properties located in Guam, Puerto Rico and the Virgin Islands

Simply Underwrite Program Requirements	
Note	Enact does not approve loans for mortgage insurance based solely on a response obtained from Agency automated underwriting systems, Fannie Mae's Desktop Underwriter (DU) and Freddie Mac's Loan Product Advisor.

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4.2 Simply Underwrite Affordable Housing / HFA Eligibility (01/10/25)

Affordable Housing / HFA Simply Underwrite Program Requirements				
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent				
Property Type	Maximum LTV/CLTV	Maximum Loan Amount	Minimum Credit Score	Maximum DTI ¹
Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing ²	97%/105%	Agency Base Conforming	600 ³	Per DU & Loan Product Advisor
	95%/105%	FHFA High Cost		
2 units	95%/105%	FHFA High Cost		
3 units	95%/105%	Agency Base Conforming		
4 units	95%/105%	Agency Base Conforming		
¹ Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility. ² Fannie Mae MH Advantage® and Freddie Mac CHOICEHome® properties must be identified as manufactured homes ³ A minimum credit score of 600 is eligible for loans with the following attributes: Primary Residence, Purchase, Rate/Term Refinance transactions.				
Description	<p>The following may be eligible for Simply Underwrite for HFAs:</p> <p>Desktop Underwriter: HFA Preferred or HomeReady:</p> <ul style="list-style-type: none"> • DU Approve/Eligible • DU Approve/Ineligible for ARM Plan • DU Approve/Ineligible for LTV - For 1-unit primary residence with LTV 95.01 – 97% • Loan must be processed in DU as either HFA Preferred or HomeReady according to Fannie Mae's directions. • Follow Fannie Mae's published program guidelines for HFA Preferred or HomeReady through DU and Exclusions from Simply Underwrite for HFAs found in this chart. <p>GSE published:</p> <ul style="list-style-type: none"> • Renovation Mortgages and Cooperative Share Mortgages are eligible for Simply Underwrite for HFAs. <p>Loan Product Advisor: Home Possible or HFA Advantage Mortgages:</p> <ul style="list-style-type: none"> • Loan Product Advisor Accept, Eligible • Loan Product Advisor Accept/Ineligible for ARM Plan • Loan Product Advisor Accept/Ineligible for LTV - For 1-unit primary residence with LTV 95.01 – 97% • Loan must be processed in Loan Product Advisor with the applicable Home Possible or HFA Advantage Mortgage offering identifiers. • Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines and Exclusions from Simply Underwrite found in this chart. 			
Documentation	<ul style="list-style-type: none"> • Follow the documentation required by DU and Loan Product Advisor. • Additional documentation may be warranted to support the underwriting decision, per Fannie Mae and Freddie Mac guidance. 			

Affordable Housing / HFA Simply Underwrite Program Requirements	
Appraisal	<ul style="list-style-type: none"> Appraisal Waivers, Inspection-Based Waivers/Property Data Report (PDR) and Hybrid Appraisals are eligible when offered by DU or LPA per GSE guidelines. Enact will grant MI rescission relief for property value on loans with appraisals receiving a CU Risk Score of ≤ 2.5, subject to the following Fannie Mae criteria: <ul style="list-style-type: none"> Loan is AUS Eligible per Desktop Underwriter® (DU®) and the appraisal qualifies for limited review according to CU Day 1 Certainty® Eligibility requirements for appraisals with CU scores ≤ 2.5 One of the following documents must be present in the Origination File: <ul style="list-style-type: none"> DU CU Findings from CU, or CU Print Report, or UCDP® Submission Summary Report (SSR) from CU
Minimum Borrower Contribution	<ul style="list-style-type: none"> As determined by DU & Loan Product Advisor. Borrower's minimum contribution may come from eligible sources, per GSE guidelines, including personal gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds.
Subordinate Financing	Follow DU CLTV/HCLTV or Loan Product Advisor TLTV/HTLTV calculations and maximums. Note: <i>Loans utilizing Community Seconds or Affordable Seconds are considered Affordable Housing Loans and must be identified as such to utilize higher CLTV limits. See section 4.5.</i>
Reserves	As determined by DU & Loan Product Advisor
Loan Type	As determined by DU & Loan Product Advisor
Nontraditional Credit	<ul style="list-style-type: none"> As determined by DU & Loan Product Advisor Loans receiving a DU Approve/Ineligible recommendation or Loan Product Advisor Accept/Ineligible risk classification must be manually underwritten according to the Nontraditional Credit Guidelines in section 4.9.
Attached PUD, Attached Condominium and Cooperative Projects	<ul style="list-style-type: none"> The lender must determine if the attached PUD, attached condominium and cooperative project meets the applicable GSE project warranties and documents the project acceptance according to GSE guidelines. Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements. Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines. Cooperative projects must be located in Fannie Mae's designated markets. See section 5.24. Note: <i>Loans in attached condominium projects that do not meet project eligibility/acceptance requirements may be submitted to Enact for consideration on a case-by-case basis. See section 5.23.</i>
Acreage	<ul style="list-style-type: none"> As determined by DU & Loan Product Advisor There is no maximum acreage requirement under Simply Underwrite Guidelines
Eligibility Exclusions	<ul style="list-style-type: none"> Lender-negotiated guideline variances, waivers or programs unless approved by Enact
Other Underwriting Requirements	<ul style="list-style-type: none"> Follow section 6.1. See section 4.7 for Construction-to-Permanent Activation instructions Enact does not insure the following: Properties located in Guam, Puerto Rico and the Virgin Islands

Affordable Housing / HFA Simply Underwrite Program Requirements	
Note	<i>Enact does not approve loans for mortgage insurance based solely on a response obtained from Agency automated underwriting systems, Fannie Mae's Desktop Underwriter (DU) and Freddie Mac's Loan Product Advisor.</i>

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4.3 Standard Guidelines Eligibility (01/10/25)

Standard Guidelines apply to loans that are manually underwritten without a GSE AUS recommendation or risk classification or loans that do not meet the Simply Underwrite Guidelines.

Standard Guidelines Program Requirements				
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ²				
Property Type	Maximum LTV/CLTV	Maximum Loan Amount ¹	Minimum Credit Score	Maximum DTI ³
Single family (detached & attached), Condominiums, Cooperatives	97%	\$1,250,000	620	50%
	95%	\$1,650,000	680	45%
	90%	\$1,750,000	720	45%
	85%	\$2,000,000	740	45%
Manufactured Housing	97%	Agency Base Conforming	620	50%
2 units	95%		620	50%
3 – 4 units			700	45%
Primary Residence - Cash-Out Refinance ⁴				
Single family (detached & attached), Condominiums, Cooperatives	90%/NA	Agency Base Conforming	700	45%
	85%/NA		620	50%
		85%/NA	\$1,250,000	720
Second Home - Purchase, Rate/Term Refinance & Construction-to-Permanent				
Single family (detached & attached), Condominiums, Cooperatives	90%	Agency Base Conforming	620	50%
	90%	\$1,250,000	700	45%
Manufactured Housing ⁵	90%	Agency Base Conforming	620	50%
Second Home - Cash-Out Refinance ⁴				
Single family (detached & attached), Condominiums, Cooperatives	85%/NA	\$1,250,000	740	45%
Investment Property – Purchase & Rate/Term Refinance				
Single family (detached & attached), Condominiums	85%	\$1,250,000	700	45%

Standard Guidelines Program Requirements																			
¹ The maximum loan amount for 3 - 4 unit property type is \$1,551,250. ² The maximum loan amount for Construction-to-Permanent transactions is \$1,650,000 ³ Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility. ⁴ The maximum cash-out amount is \$250,000 for cash-out refinance transactions. ⁵ Single-wide Manufactured Housing is limited to Primary Residences.																			
Description	Standard Guidelines apply to loans that do not meet Simply Underwrite eligibility requirements. For more information, see section 6 .																		
Documentation	<ul style="list-style-type: none"> Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification with loan amounts up to \$1,250,000: <ul style="list-style-type: none"> May follow the respective AUS documentation requirements for employment, income, assets, reserves and tradelines All other parameters of Enact's Standard Guidelines must be met, including but not limited to, requirements regarding LTV, credit score, DTI, borrower own funds, etc. All other loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification or manually underwritten loans must follow Enact's Standard Guideline documentation requirements in section 7.2. 																		
Appraisal	See section 7.2 .																		
Minimum Borrower Contribution	<p>Borrower's minimum contribution can be met by acceptable sources per GSE guidelines, including personal gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds if:</p> <ul style="list-style-type: none"> Primary, purchase, 1 unit or second home Credit score ≥ 680 and DTI $\leq 45\%$ No subordinate financing resulting in monthly payment obligations <table border="1"> <thead> <tr> <th>Occupancy</th><th>Minimum Borrower Contribution</th></tr> </thead> <tbody> <tr> <td>Primary Residence: 1 unit, Purchase</td><td></td></tr> <tr> <td>• Loan amount \leq \$1,250,000</td><td>3%</td></tr> <tr> <td>• Loan Amount - \$1,250,001 - \$1,750,000</td><td>5%</td></tr> <tr> <td>• Loan Amount $>$ \$1,750,000</td><td>10%</td></tr> <tr> <td>Primary Residence: 2 - 4 units</td><td>5%</td></tr> <tr> <td>Second Home</td><td>5%</td></tr> <tr> <td></td><td>Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.</td></tr> <tr> <td>Investment</td><td>15%</td></tr> </tbody> </table>	Occupancy	Minimum Borrower Contribution	Primary Residence: 1 unit, Purchase		• Loan amount \leq \$1,250,000	3%	• Loan Amount - \$1,250,001 - \$1,750,000	5%	• Loan Amount $>$ \$1,750,000	10%	Primary Residence: 2 - 4 units	5%	Second Home	5%		Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.	Investment	15%
Occupancy	Minimum Borrower Contribution																		
Primary Residence: 1 unit, Purchase																			
• Loan amount \leq \$1,250,000	3%																		
• Loan Amount - \$1,250,001 - \$1,750,000	5%																		
• Loan Amount $>$ \$1,750,000	10%																		
Primary Residence: 2 - 4 units	5%																		
Second Home	5%																		
	Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.																		
Investment	15%																		

Standard Guidelines Program Requirements	
Subordinate Financing	Subordinate financing is not eligible with Cash-Out Refinances Note: <i>Loans utilizing Community Seconds or Affordable Seconds are considered Affordable Housing Loans and must be identified as such to utilize higher CLTV limits. See section 4.5.</i>
Reserves	For information, see section 7.10.3 .
Loan Type	<ul style="list-style-type: none"> Fixed rate/fixed payment Fully amortizing ARMs with an initial term \geq 1 year Balloons, with an initial term \geq 5 years <ul style="list-style-type: none"> Ineligible: Cash-out Refinances Temporary buydowns <ul style="list-style-type: none"> Ineligible: Cash-out Refinances
Property Type	<ul style="list-style-type: none"> Single family (detached and attached): Includes detached (site) condominiums Manufactured Housing: See section 7.12 for complete details.
Attached PUD, Attached Condominium and Cooperative Projects	<ul style="list-style-type: none"> The lender must determine if the attached PUD, attached condominium and cooperative project meets the applicable GSE project warranties and documents the project acceptance according to GSE guidelines. Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements. Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines. Cooperative projects must be located in Fannie Mae's designated markets, see section 5.24. <p>Note: <i>Loans in attached condominium projects that do not meet project eligibility requirements may be submitted to Enact for consideration on a case-by-case basis.</i></p> <p>Continued on next page 5.23</p>
Construction-to-Permanent	See section 4.7 for guidelines.
Credit Score	<ul style="list-style-type: none"> Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months. <ul style="list-style-type: none"> Credit references may be a combination of tradelines, traditional or nontraditional credit. At least one borrower on the loan must have a credit score For more information, see section 7.4.
Nontraditional Credit	<ul style="list-style-type: none"> Loans receiving a DU Approve/Ineligible recommendation or Loan Product Advisor Accept/Ineligible risk classification must be manually underwritten to the Nontraditional Credit Guidelines in section 4.9.
Underwriting Notes	<ul style="list-style-type: none"> Some products may have different LTV/loan amount limits. Refer to the product descriptions for possible exceptions Loans must meet all other Enact Standard Guidelines

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4.4 This section has been removed. (01/12/24)**4.5 Standard Guidelines Affordable Housing / HFA Program Eligibility (01/10/25)**

Standard Guidelines Affordable Housing / HFA Program Requirements				
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ³				
Property Type	Maximum LTV/CLTV	Maximum Loan Amount ¹	Minimum Credit Score	Maximum DTI ²
Single family (detached & attached), Condominiums, Cooperatives	97% / 105%	\$1,250,000	620	50%
	95% /105%	\$1,650,000	680	45%
Manufactured Housing	97% / 105%	Agency Base Conforming	620	50%
2 units	95% / 105%		620	50%
3 units	95% / 105%		700	45%
4 units	95% / 105%		700	45%
¹ The maximum loan amount for 3 – 4 unit property type is \$1,551,250.				
² Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.				
³ The maximum loan amount for Construction-to-Permanent transactions is \$1,650,000.				
Standard Guidelines Affordable Housing / HFA Program Requirements				
General Requirements for Affordable Housing Programs	<ul style="list-style-type: none">• If all Borrowers are first time homebuyers, at least one borrower must complete Homebuyer Education.• Follow GSE standard documentation requirements for evidence of completion of Homebuyer Education.• The Lender must maintain a copy of the documentation in the Origination File and supply a copy to Enact upon request.• At least one borrower must occupy the property.			
General Requirements for HFA Loans	<ul style="list-style-type: none">• Income limits, as established by the HFA.• Homebuyer education is required as established by the GSEs or by the HFA.• Follow GSE standard documentation requirements for evidence of completion of Homebuyer Education.• The Lender must maintain a copy of the documentation in the Origination File and supply a copy to Enact upon request.• All borrowers must occupy the property.			

Standard Guidelines Affordable Housing / HFA Program Requirements	
Documentation	<ul style="list-style-type: none"> Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification with loan amounts up to \$1,250,000: <ul style="list-style-type: none"> May follow the respective AUS documentation requirements for employment, income, assets, reserves and tradelines All other parameters of Enact's Standard Guidelines must be met, <i>including but not limited to</i>, requirements regarding LTV, credit score, DTI, borrower own funds, etc. All other loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification or manually underwritten loans must follow Enact's Standard Guideline documentation requirements in section 7.2. Documentation of signed Authorization for Counseling form, as may be required, must be maintained in the Origination File and supplied to Enact upon request. Follow GSE's product guidelines for HomeReady or Home Possible loans and apply the eligibility criteria in this section. See Fannie Mae or Freddie Mac.
Appraisal	See section 7.2 .
HomeReady or HFA Preferred	<ul style="list-style-type: none"> Follow Fannie Mae's published program guidelines for manually underwritten HomeReady or HFA Preferred loans. Apply the DTI maximums and minimum borrower contribution per the chart below. Apply Fannie Mae's reserve requirements, but no less than the minimum per the chart below. Follow Fannie Mae's CLTV/HCLTV calculations and maximums
Home Possible or HFA Advantage	<ul style="list-style-type: none"> Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines for manual underwriting Apply the DTI maximums and minimum borrower contribution per the chart below. Apply Freddie Mac's reserve requirements, but no less than the minimum per the chart below. Follow Freddie Mac's TLTV/HTLTV calculations and maximums.

Standard Guidelines Affordable Housing / HFA Program Requirements										
Minimum Borrower Contribution	<ul style="list-style-type: none">Borrower's minimum contribution can be met by acceptable sources per GSE guidelines, including personal gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds/Affordable Seconds if:<ul style="list-style-type: none">Primary, purchase, 1 unitCredit score ≥ 680 and DTI $\leq 45\%$No subordinate financing resulting in monthly payment obligations1 unit & DTI $\leq 45\%$: 1% minimum borrower contribution1 unit & DTI $> 45\%$: 3% minimum borrower contribution2 – 4 units: Minimum 3% from borrower own funds. Minimum borrower contribution from own funds must be met before other acceptable sources of funds are permitted. <p><u>Gift Funds</u></p> <ul style="list-style-type: none">Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity. <p><u>Grant Funds</u></p> <ul style="list-style-type: none">Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities.Grant funds cannot require monthly payment obligations.A grant, including those with deferred payments or forgiveness, with a repayment obligation of any kind that results in a recorded lien against the property is considered subordinate financing and subject to our CLTV maximums.Down payment assistance programs utilizing a deed restriction or a means other than a recorded lien; i.e., a retention agreement, to enforce repayment terms may be treated as grants with no requirement for a CLTV calculation. <p><u>Employer Assistance</u></p> <ul style="list-style-type: none">Follow GSE standard underwriting guidelines and documentation for employer assistance. <p><u>Sweat Equity</u></p> <ul style="list-style-type: none">Sweat Equity is permitted per GSE standard guidelines for Affordable Housing loans only.									
Subordinate Financing	Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines.									
Reserves	<table><tr><th>Loan Purpose</th><th>Reserves</th></tr><tr><td>Rate/Term Refinance</td><td>0 months</td></tr><tr><td>Purchase, 1 unit</td><td>2 months</td></tr><tr><td>Purchase, 2 – 4 unit</td><td>6 months</td></tr></table>		Loan Purpose	Reserves	Rate/Term Refinance	0 months	Purchase, 1 unit	2 months	Purchase, 2 – 4 unit	6 months
Loan Purpose	Reserves									
Rate/Term Refinance	0 months									
Purchase, 1 unit	2 months									
Purchase, 2 – 4 unit	6 months									
Loan Type	<ul style="list-style-type: none">Fixed rate/fixed paymentFully amortizing ARMs with initial term ≥ 1 yearTemporary buydownsBalloons									
Property	Single family (detached and attached): Includes detached (site) condominiums									

Standard Guidelines Affordable Housing / HFA Program Requirements	
Attached PUD, Attached Condominium and Cooperative Projects	<ul style="list-style-type: none"> The lender must determine if the attached PUD, attached condominium and cooperative project meets the applicable GSE project warranties and documents the project acceptance according to GSE guidelines. Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements. Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines. Cooperative projects must be located in Fannie Mae's designated markets. See section 5.24. <p>Note: <i>Loans in attached condominium projects that do not meet project eligibility/acceptance requirements may be submitted to Enact for consideration on a case-by-case basis. See section 5.23.</i></p>
Credit Score	<ul style="list-style-type: none"> Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months <ul style="list-style-type: none"> Credit references may be a combination of tradelines, traditional or nontraditional credit At least one borrower on the loan must have a credit score See section 7.4 for guidelines
Nontraditional Credit	<ul style="list-style-type: none"> Loans receiving a DU Approve/Ineligible recommendation or Loan Product Advisor Accept/Ineligible risk classification must be manually underwritten to the Nontraditional Credit Guidelines in section 4.9.
Construction-to-Permanent Underwriting Note	<p>See section 4.7 for guidelines</p> <p>Loans must meet all other Enact Standard Guidelines.</p>

4.6 This section has been removed. (12/16/19)

4.7 Standard Guidelines Construction-to-Permanent Eligibility (01/10/25)

Standard Guidelines Construction-to-Permanent Program Requirements				
Primary Purchase – Purchase & Rate/Term Refinance				
Property Type	Maximum LTV/CLTV	Maximum Loan Amount ³	Minimum Credit Score	Maximum DTI ¹
Single family (detached and attached), Condominiums, Cooperatives	97%	\$1,250,000	620	50%
	95%	\$1,650,000	680	45%
Manufactured Housing	97%	Agency Base Conforming	620	50%
2 units	95%		620	50%
3 units	95%		700	45%
4 units	95%		700	45%
Second Home – Purchase & Rate/Term Refinance				
Single family (detached & attached), Condominiums, Cooperatives	90%	Agency Base Conforming	620	50%
	90%	\$1,250,000	700	45%
Manufactured Housing ²	90%	Agency Base Conforming	620	50%
¹ Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.				
² Single-wide Manufactured Housing is limited to Primary Residences.				
³ The maximum loan amount for 3 – 4 unit property type is \$1,551,250. The maximum loan amount for Construction-to-Permanent transactions is \$1,650,000.				
Standard Guidelines Construction-to-Permanent Program Requirements				
Single Close Description	Combines the interim construction financing and the permanent financing into a single closing			
Two Close Transaction	The interim construction financing is closed prior to completion; once the construction is complete the borrower closes the permanent long-term financing			
Construction-to-Permanent Purchase Transaction	Borrower is not the owner of record of the land prior to the closing of the construction financing. LTV Calculation Lesser of: <ul style="list-style-type: none">Acquisition cost (purchase price of the lot plus total documented construction costs), orAppraised value, as completed			
Construction-to-Permanent Rate/Term Refinance Transaction	Borrower is the owner of record of the land prior to the closing of the construction financing. LTV Calculation – Current appraised value, as completed			

Standard Guidelines Construction-to-Permanent Program Requirements											
Loan Types	<p>Eligible loan types for permanent financing:</p> <ul style="list-style-type: none"> • Fixed rate/fixed payment • Fully amortizing ARMs with initial term \geq 1 year • Balloons • Temporary buydowns <p>Note: <i>While the borrower may make interest only (IO) payments during the construction phase, the end loan or permanent terms may not be IO. Borrower is qualified with the fully amortizing PITI with the terms of the permanent financing.</i></p>										
Minimum Borrower Contribution	<p>Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if:</p> <ul style="list-style-type: none"> • Primary, purchase, 1 unit or second home • Credit score \geq 680 and DTI \leq 45% • No subordinate financing resulting in monthly payment obligations <table border="1"> <thead> <tr> <th>Occupancy</th><th>Minimum Borrower Contribution</th></tr> </thead> <tbody> <tr> <td>Primary Residence, Purchase:</td><td></td></tr> <tr> <td>• Loan Amount \leq \$1,250,000</td><td>3%</td></tr> <tr> <td>• Loan Amount $>$ \$1,250,000</td><td>5%</td></tr> <tr> <td>Second Home</td><td>5%</td></tr> </tbody> </table> <p>Note: <i>The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.</i></p>	Occupancy	Minimum Borrower Contribution	Primary Residence, Purchase:		• Loan Amount \leq \$1,250,000	3%	• Loan Amount $>$ \$1,250,000	5%	Second Home	5%
Occupancy	Minimum Borrower Contribution										
Primary Residence, Purchase:											
• Loan Amount \leq \$1,250,000	3%										
• Loan Amount $>$ \$1,250,000	5%										
Second Home	5%										
Nontraditional Credit	<ul style="list-style-type: none"> • Loans receiving a DU Approve/Ineligible recommendation or Loan Product Advisor Accept/Ineligible risk classification must be manually underwritten to the Nontraditional Credit Guidelines in section 4.9. 										
Reserves	For information, see section 7.10.3 .										
Borrower/Builder	The borrower may act as the contractor or provide repairs subject to GSE guidelines.										
Property Types	Ineligible: Investment property										
Manufactured Housing Eligibility	<p>The following applies for manufactured housing purchase transactions:</p> <ul style="list-style-type: none"> • Loan must be for the installation of a newly purchased manufactured home that has never been attached to a foundation • See section 7.12 for complete details 										
Appraisal Documentation	<ul style="list-style-type: none"> • URAR, "subject to completion" completed by an appraiser at time of underwrite. • The appraisal form and applicable addenda must meet GSE requirements. • Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction. • The update and/or new appraisal must be added to the Origination File documentation. • If the original appraisal is: <ol style="list-style-type: none"> 1. \leq 120 days: Form 1004D/442 with the Certification of Completion section completed by the appraiser must be added to the Origination File documentation 2. $>$ 120 days: Form 1004D/442 must be completed in its entirety by the appraiser. If the appraiser notes that the market value has declined, then a new appraisal is required. 										

Standard Guidelines Construction-to-Permanent Program Requirements	
Commitment/Certificate of Insurance Note	The Commitment/Certificate of Insurance will be issued with the following note: "Loan underwritten as a Construction-to-Permanent in accordance with Enact or Enact - approved Guidelines and Terms for Activation of Coverage."
Commitment Term	<ul style="list-style-type: none"> 15 months
Mortgage Insurance Coverage	<ul style="list-style-type: none"> Mortgage insurance coverage may be provided during the construction phase or at completion of construction Coverage may be activated prior to completion of construction or upon completion of construction
Activation of Coverage Prior to Completion of Construction/Insure During Construction	<ol style="list-style-type: none"> The loan close date provided to Enact to activate coverage is the initial loan close date. Insurance is effective as of the initial loan close date and premium is billed according to the premium plan. Upon completion of the construction, Enact must be notified should any of the loan terms change. <p>Certificate activation instructions may vary based on the premium plan option. For more information, see section 5.7 and the Commitment/Certificate of Insurance for additional details regarding Certificate activation.</p>
Activation of Coverage Upon Completion of Construction/ Insure Upon Completion of Construction	<ol style="list-style-type: none"> Prior to activation of coverage, Enact must be notified should any of the loan terms change. See section 5.2. The loan close date provided to Enact to activate coverage is the date the loan converts to the permanent financing Construction must be completed at the time of activation as evidenced by acceptance of the property by the borrower (such as a final walk through inspection report) and issuance of a Certificate of Occupancy by the applicable municipality. These documents must be added to the Origination File. <ul style="list-style-type: none"> For manufactured housing, the installation must be fully complete, including permanent utility connections and construction of any site-built improvements such as garages, decks, or porches as evidenced by a satisfactory Appraisal Update and/or Completion Report. Loan is ineligible if borrower has any 30-day delinquencies during construction phase. The pay history from the construction phase must be added to the Origination File. All mechanics' liens, materialmen's liens or any other liens affecting title must be satisfied prior to activation of coverage Receipt of the loan close date and premium serves as the lender's representation and warranty that: <ul style="list-style-type: none"> The borrower had no delinquencies during the construction phase There are no outstanding liens or any debt affecting title, and The Origination File documentation is complete. <p>Certificate activation instructions may vary based on the premium plan option. For more information, see section 5.7 and the Commitment/Certificate of Insurance for additional details regarding Certificate activation.</p>
Underwriting Notes	<ul style="list-style-type: none"> Borrower is underwritten and qualified one time according to the terms of the permanent financing. <ul style="list-style-type: none"> A change from a fixed rate to an ARM is allowed when the change occurs on or before the loan converts to permanent financing. The new loan product may be an ARM with an initial fixed term of 5 years or greater. For single close construction-to-permanent loans, there is only one Note date, therefore, the conversion/modification date is not applicable to the age of (credit) documentation. If the Lender opts to activate coverage at the time of property completion, the Lender is not required to submit updated credit documents as long as the loan closed per the terms of the Commitment/Certificate of Insurance. Loans must meet all other Enact Standard Guidelines.

4.8 Professional Program (01/10/25)

Professional Program Requirements				
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent				
Property Type	Max LTV/CLTV	Max Loan Amount ¹	Min Credit Score	Max DTI ²
Single family (detached & attached), Condominiums, Cooperatives	97%	\$1,250,000	620	50%
	95%	\$1,650,000	680	45%
	90%	\$1,750,000	720	45%
	85%	\$2,000,000	740	45%
¹ The maximum loan amount for Construction-to-Permanent transactions is \$1,650,000. For more information, see section 4.7 . ² Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.				
Topic	Professional Program Requirements			
Program Overview	The Professional Program allows the exclusion of student loan debt from the DTI calculation with documentation to evidence deferment for eligible borrowers.			
Borrower Eligibility	At least one borrower in the transaction must: <ul style="list-style-type: none"> Have an acceptable designation which may include, but is not limited to: Medical Resident, Medical Fellow, Doctor of Medicine, Dental Science, Optometry, Osteopathy, Doctor of Veterinary Medicine, Attorney, Chiropractor (DC), Certified Public Account (CPA) or PhD in a non-medical profession If a Resident or Fellow: <ul style="list-style-type: none"> Must have a signed guaranteed non-contingent employment contract, or be a graduate from a doctoral program Third party written evidence of an acceptable doctorate degree or Juris Doctor degree (J.D.) is required as documentation for the Origination File 			
Delivery Channel	Loans may be delivered on a delegated or non-delegated basis.			
Treatment of Student Loan Debt	Student loan debt may be excluded from the DTI calculation with documentation to evidence deferment after the loan closing date. Note: <i>If there are multiple borrowers on loan with deferred student loan debt, the exclusion of student loan debt only applies to the borrower(s) with the designations meeting the program requirements.</i>			
Alternative Documentation for Medical Residents	Medical Residents with a minimum of 6 months residency remaining may use the alternative documentation listed below as evidence that student loan will be in deferment: <ul style="list-style-type: none"> Letter from employer verifying the medical resident's start date, or Letter from the employer verifying at least 6 months residency remaining, or Letter from the student loan servicer confirming that student loan payments will be in deferment after the loan closing date 			

Professional Program Requirements	
Appraisal	See section 7.2
Minimum Borrower Contribution	Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if: <ul style="list-style-type: none"> • Primary, purchase, 1 unit • Credit score ≥ 680 and DTI $\leq 45\%$ • No subordinate financing resulting in monthly payment obligations
Reserves	For information, see section 7.10.3 .
Ineligible Attributes	Manufactured housing, 2 – 4 units, second homes, investment property and nontraditional credit
Underwriting Notes	Loans must meet all other Enact Standard Guidelines.

4.9 Nontraditional Credit Guidelines (01/10/25)

The Nontraditional Credit Guidelines are for loans not meeting GSE AUS nontraditional credit loan requirements. Loans receiving an Approve/Eligible or Accept/Eligible recommendation or risk classification should follow the AUS requirements.

Nontraditional Credit Guidelines			
Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ¹			
Property Type	Max LTV/CLTV	Max Loan Amount ³	Max DTI ²
Single family (detached & attached), Condominiums, Cooperatives and Manufactured Housing	97%/105%	Agency Base Conforming	45%
2 – 4 units	95%/105%		
¹ Construction-to-Permanent is ineligible with property types other than Single Family (detached & attached) or Manufactured Housing. For more information, see section 4.7 . The maximum loan amount for Construction-to-Permanent transactions is \$1,650,000.			
² Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.			
³ The maximum loan amount for 3 – 4 unit property type is \$1,551,250.			
Topic	Nontraditional Credit Guidelines		
Description	Nontraditional credit guidelines apply when no Borrower on the loan has a credit score or the credit score is not supported by the minimum number of credit references or does not meet the credit history requirements.		
Delivery Channel	Loans may be delivered on a delegated or non-delegated basis.		
Documentation	<ul style="list-style-type: none">Loans receiving an Approve/Ineligible or Accept/Ineligible recommendation or risk classification or loans that are manually underwritten must follow the requirements outlined in this section.For any documentation requirements not addressed in this section, see section 7.		
Appraisal	See section 7.2 .		
Borrower Eligibility	<ul style="list-style-type: none">U.S Citizens; Permanent Resident Aliens; Non-Permanent Resident AliensAll Borrowers must occupy the subject property; non-occupant co-borrowers are ineligibleIf all Borrowers are first time homebuyers, at least one borrower must complete Homebuyer EducationAt least one borrower on the loan must have a valid Social Security NumberAll Borrowers must meet Enact's Borrower Eligibility Requirements, see section 5.9.		

Nontraditional Credit Guidelines	
Credit Requirements	<ul style="list-style-type: none"> A nontraditional credit history must be documented for each Borrower without a credit score. Each Borrower must have at least three payment references in the U.S. comprised of tradelines not appearing on the credit report <ul style="list-style-type: none"> At least one Borrower's payment references must include a rental housing payment history Each payment reference must have existed for the most recent twelve (12) months If two or more Borrowers without a credit score have the same payment reference, the payment reference may count for each Borrower.
Payment History	<ul style="list-style-type: none"> All Borrowers having a rental housing payment history must be 0 x 30 in the last twelve (12) months <ul style="list-style-type: none"> If all borrowers have a rental housing payment history, then all rental housing payment histories for the most recent 12 months must be verified Only one non-housing payment reference may have no more than 1 x 30 in the last twelve (12) months. All other non-housing payment references must be 0 x 30 in the last twelve (12) months.
Derogatory Credit	Each Borrower must have no collections, (other than medical), judgments or tax liens filed in the most recent 24 months.
Loan Type & Terms	<ul style="list-style-type: none"> Fixed rate and ARM terms \geq 1 year Maximum loan term 30 years Ineligible: High balance mortgage loans
Minimum Borrower Contribution	1% minimum Borrower contribution required: <ul style="list-style-type: none"> Borrower's minimum contribution can be met through payment of closing costs, prepaids and/or 2 months reserve funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines, including gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds or Affordable Seconds. Down payment assistance program funds such as grants may be used to meet the minimum borrower contribution requirement
Property Types	Ineligible: <ul style="list-style-type: none"> Non-warrantable condominiums, second homes, investment properties 2 – 4 units ineligible for construction-to-permanent transactions
Reserves	2 months
Seller Contributions	Follow GSE standard guidelines
Subordinate Financing	Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines.
Underwriting Notes	<ul style="list-style-type: none"> Loans must meet all other Enact Standard Guidelines. Loans not meeting these program requirements must be submitted for an Enact Underwrite. Loans will be priced based on a minimum 680 credit score.

The following are examples of nontraditional credit sources which may be used to develop a nontraditional credit history:

- Rental housing payments. This includes payments made to a landlord or management company. Also included are payments made on a privately-held mortgage loan that is not reported to the credit bureaus, contract for deed payments and other similar arrangements, provided the payments are related to the Borrower's housing.
- Utilities, such as electricity, gas, water, telephone service, television, and internet service providers. If utilities are included in the rental housing payment, they cannot be considered a separate source of nontraditional credit. Utilities can be considered a source of nontraditional credit only if the payment history can be separately documented.
- Medical insurance coverage (excluding payroll deductions)
- Automobile insurance payments
- Cell phone payments
- Life insurance policies (excluding payroll deductions)
- Payments for household or renter's insurance
- Payments to local stores, such as department stores, furniture stores, appliance stores
- Rental payments for durable goods, such as automobiles
- Payment of medical bills
- Payment of school tuition
- Payments for childcare
- A loan obtained from an individual, provided the repayment terms can be documented in a written agreement
- Checking account, savings account, voluntary payments made to a payroll savings plan or contributions to a stock purchase plan, provided the records reflect an increasing balance as a result of periodic deposits over at least the most recent 12 months. Contributions must have been made no less than quarterly.
- Wire remittance statements demonstrating a consistent amount of funds remitted over the most recent 12-month period.

5 All Loans

5.1 Commitment/Certificate of Insurance Terms, Conditions, Extensions, Reinstatements (01/13/23)

Enact issues a Commitment/Certificate of Insurance for each approved loan.

5.1.1 Commitment Terms

Enact's Commitment/Certificate of Insurance is valid for 120 days from the date of issuance. Our standard Commitment term is fifteen (15) months for construction-to-permanent loans. Insurance on such loans is subject to the property being completed and sold to the borrower pursuant to the original specifications and plans submitted with the credit package. Please refer to Section 27 of Master Policy 1980 for any potential Claim impact due to Incomplete Construction.

5.1.2 Underwriting Conditions

Sometimes our underwriters apply an underwriting condition to the Commitment/Certificate of Insurance for an Enact underwritten loan. You are not required to submit the documentation to us to satisfy the condition from the Commitment *unless* the underwriting condition explicitly instructs you to do so. Instead, the documentation that evidences satisfaction of the underwriting condition must be placed in the Origination File.

5.1.3 Commitment Extensions

Existing Commitments with imminent expiration dates may be considered on a case-by-case basis. The loan may be insured as a new transaction with current documentation in accordance with the guidelines and rates in effect as of the new request.

5.1.4 Commitment Reinstatements

Enact will consider the reinstatement of a Commitment under the following conditions:

- **Unexpired Commitment** – A Commitment that has been cancelled, but the expiration date on the Commitment has not yet expired is eligible for reinstatement with no additional documentation requirements. The request to reinstate must be received prior to the Commitment expiration date.
- **Expired Commitment** – A Commitment that has expired may be eligible for reinstatement under the following conditions:
 - Loan is still insurable under Enact's *Underwriting Guidelines* in effect on the date the reinstatement request is received by Enact
 - A current Mortgage payment history must be submitted for review
 - All required Loan Payments since Loan close date have been received in full within the month due
 - Loan close date occurred prior to commitment expiration date
 - Additional documentation may be requested at Enact's discretion
 - Reinstatement request must be received within 24 months of commitment cancellation date

If you have a question about a cancelled Commitment, contact the Enact ActionCenter® at 800.444.5664 or action.center@Enactmi.com.

5.2 Changes Prior to Certification: Requiring Prior Approval

Occasionally, changes are made to a loan after Enact has issued a Commitment/Certificate of Insurance. A loan must be re-submitted to Enact for approval if the changes alter a loan's eligibility, pricing or any of the terms under which the Commitment was issued.

Enact will evaluate the changes and issue an amended Commitment/Certificate of Insurance if approved. The Commitment/Certificate of Insurance may be deemed null and void if the new terms result in a loan that no longer meets our eligibility requirements.

For Construction-to-Permanent loans, the Borrower is underwritten and qualified one time according to the terms of the permanent financing. However, a change from a fixed rate to an ARM is allowed when the change occurs on or before the loan converts to permanent financing. The new loan product may be an ARM with an initial fixed term of 5 years or greater.

For single close construction-to-permanent loans, there is only one Note date, therefore, the conversion/modification date is not applicable to the age of (credit) documentation. If the Lender opts to activate coverage at the time of property completion, the Lender is not required to submit updated credit documents as long as the loan closed per the terms of the Commitment/Certificate of Insurance.

5.3 Changes Prior to Certification: Not Requiring Prior Approval

Lenders may make some changes and corrections to the Commitment/Certificate of Insurance without submitting a new Application or receiving prior approval from Enact:

- Changes in renewal premium option (level or amortizing).
- Decrease in loan amount.
- Typographical corrections to borrower's name or property address.
- Decrease in the interest rate for fixed rate loan or ARM loan provided the new rate meets shortfall requirements.

Changes not requiring prior approval may be made by indicating the correction on the Commitment copy remitted to Enact. An amended Commitment/Certificate of Insurance will be issued.

5.4 Modifications

Modification requests should be forwarded to our Delegated and Specialized MI Team for prior approval. The Modification Form is located on our website at mi.Enactmi.com.

Modifications of delinquent or potential delinquent loans should be referred to the National Loan Workout Center in Raleigh for review. Refer to specific instructions on our servicing website for U.S. Department of the Treasury Modification Programs.

For Construction-to-Permanent loans, the Borrower is underwritten and qualified one time according to the terms of the permanent financing. However, a change from a fixed rate to an ARM is allowed when the change occurs on or before the loan converts to permanent financing. The new loan product may be an ARM with an initial fixed term of 5 years or greater.

For single close construction-to-permanent loans, there is only one Note date, therefore, the conversion/modification date is not applicable to the age of (credit) documentation. If the Lender opts to activate coverage at the time of property completion, the Lender is not required to submit updated credit documents as long as the loan closed per the terms of the Commitment/Certificate of Insurance.

5.5 Closed Loans (04/01/21)

Enact may insure loans that were closed more than 120 days ago and were previously uninsured (or insured by another mortgage insurer) provided the loan meets our current underwriting guidelines. Loans closed more than 120 days are ineligible for delegated loan submission, however, may be submitted for an Enact underwrite. At a minimum, the following documentation must be submitted to our offices for underwriting:

- Complete copy of original Origination File.
- A 12-month payment history. If the loan has not established a 12-month payment history, the payment history for the life of the loan must be submitted for review.
- Current credit report.
- If the appraisal is more than 120 days old, an appraisal update with three new comps is required. A new appraisal (exterior only is acceptable) may be used to confirm value.
- Enact may request additional documentation as deemed necessary for the underwriting decision.

Mortgage insurance premiums are based on current rates and collected from original loan closing date.

5.6 Pre-Approvals

Delegated loans must be fully documented (including the appraisal), underwritten, and determined to meet current guidelines prior to submission for mortgage insurance. A pre-approval or credit-only request where the subject property has not been determined must be submitted to our offices for underwriting. A pre-approval is conditional and is effective for 60 days from the date of issuance. No commitment is issued for a pre-approval.

5.7 Certificate Activation (01/12/24)

5.7.1 Zero Monthly Commitments

Activation requires the submission of a loan close date and can be processed in either of the following ways:

- Log on to <https://miservicing.Enactmi.com> and use the Certilink option to activate coverage. If you need access to the site, please contact the Enact ActionCenter at 800 444.5664 or action.center@Enactmi.com, or
- Fax the Commitment with the loan close date to 888 207.9024

5.7.2 All Other Premium Plans (Annual, Monthly, Single Premium, Split Premium):

Activation requires both the submission of a loan close date and the initial premium. The activation can be accomplished in either of the following ways:

- If paying via ACH/Wire, include the Commitment number and loan close date in the reference section of the wire. Email certinfo@Enactmi.com with payment information or if multiple Commitments are being activated. Contact Lender Services at 800 334.9270 or certinfo@Enactmi.com for ACH/Wire instructions, or
- If remitting payment via check, please include the Commitment/Certificate and loan close date and mail to the address found in the Activation Instructions on the Commitment/Certificate of Insurance

5.7.3 Construction-to-Permanent Loan Activation Options

Enact offers two methods for activation of coverage for construction-to-permanent loans.

- Coverage may be activated prior to completion of construction and insurance will be in force during construction. The loan close date provided to Enact to activate coverage is the initial loan close date.
- Coverage may be activated upon completion of construction. The loan close date provided to Enact to activate coverage is the date the loan converts to permanent financing.

Note: *For Construction-to-Permanent loans, refer to section 4.7 for specific requirements.*

5.8 Ineligible Loan Features (01/10/25)

Loans with any of the following features are ineligible for Enact mortgage insurance:

Ineligible Loan Features	
Topic	Ineligible Item
Assets	<ul style="list-style-type: none"> • Cash on hand⁴ • Repayment of debt from family or friends • Sweat equity⁴
Borrower Eligibility	<ul style="list-style-type: none"> • Foreign Nationals with diplomatic immunity • Non-permanent resident aliens with diplomatic immunity
Credit	<ul style="list-style-type: none"> • Credit scores < 620²
Credit Report	<ul style="list-style-type: none"> • Foreign Credit Report
Debt-to-Income Ratio (DTI)	<ul style="list-style-type: none"> • DTI > 50%^{1,2}
Documentation	<ul style="list-style-type: none"> • Alt-A documentation (stated income, no income/no assets) • No Documentation • Reduced documentation • Lite documentation • Limited documentation
Geographic	Properties located in: <ul style="list-style-type: none"> • Guam • Puerto Rico • Virgin Island See section 5.25 .
Income	<ul style="list-style-type: none"> • Rental income from the subject second home may not be used for qualifying purposes • Deferred Income may not be used to qualify borrowers • Education Benefits • Trailing Co-Borrower Income
Interested Party Contribution – Payment Abatements	Loans with payment abatements are ineligible. Note: <i>The payment of HOA fees is not considered an abatement unless the payment of the fee extends for more than 12 months. The payment of HOA fees for 12 months or less is considered an interested party contribution.</i>
Loan Amount	Loan amounts > \$2,000,000
Loan-to-Value	<ul style="list-style-type: none"> • LTV ratios > 97% • LTV ratios < 80%³

Ineligible Loan Features	
Topic	Ineligible Item
Loan Types	<ul style="list-style-type: none"> • A-Minus Loans • Balloons with initial term < 5 years • Graduated Payment Mortgage (GPM) • Interest only loans • Loans featuring negative amortization (potential or scheduled) • Pay option ARMS (POA)
New York State Restrictions	<ul style="list-style-type: none"> • For cooperative purchase transactions, ineligible if the loan amount ÷ sales price is < 80%. For more information, see section 5.14. • For all other properties, ineligible if the loan amount ÷ appraised value is < 80%
Property Types	<ul style="list-style-type: none"> • Commercially used properties • Unimproved land • Time share units • Mobile Homes • Working farms, orchards and ranches • Houseboats • Condohomes

¹ Fannie Mae RefiNow and Freddie Mac Refi Possible Programs permit loans with these features. See [section 8.1](#)

² Eligible for Simply Underwrite. See [sections 4.1](#) and [4.2](#).

³ Loans with LTVs < 80% may be submitted to Enact for consideration on a case-by-case basis.

⁴ Permitted for Affordable Housing loans only. See [sections 4.2](#) and [4.5](#).

5.8.1 Loan Features or Programs Requiring an Enact Underwrite

Loan Features or Programs Requiring an Enact Underwrite	
Topic	Guideline
Closed Loans	Loans closed more than 120 days are ineligible for delegated loan submission, however, may be submitted for an Enact underwrite. See section 5.5 .
Loans with Resale Restrictions	Any resale restriction that survive foreclosure will require an Enact Underwrite. See section 5.18.7
Non-warrantable Condominium Projects	<ul style="list-style-type: none"> • Loans in attached condominium projects that do not meet GSE project eligibility requirements, and are considered non-warrantable, may be submitted to Enact for consideration on a case-by-case basis. • Origination Files containing a Condo Project Advisor feedback certificate in which a Project Waiver Request (PWR) has been granted may be submitted to Enact for consideration on a case-by-case basis.

Note: Any loan outside of our guidelines may benefit from the flexibility provided by our underwriters and must be submitted to Enact for a full package underwrite and consideration on a case-by-case basis.

5.9 Borrower Eligibility (01/10/25)

Enact will insure loans for natural persons only, except for Inter Vivos Revocable Trusts. Corporations, partnerships or associations may be eligible for special programs subject to written approval by Enact.

Eligible borrowers are:

- U.S. Citizens
- Non-Permanent Resident Aliens
- Permanent Resident Aliens
- Inter Vivos Revocable Trusts

Enact will insure loans to non-U.S. citizens who are non-permanent or permanent resident aliens under the same terms available to U.S. citizens provided:

- All borrowers are lawfully present in the U.S. and supporting documentation must be maintained in the Origination File. Refer to the documentation requirements as referenced below.
 - The Lender must determine that the borrower is lawfully present in the U.S. and has an expectation of continuous residency in the U.S.
 - Enact does not review visa or other documentation in lieu of the Lender's own review and determination. The borrower must be subject to all U.S. laws and regulations.
- All borrowers have a valid Social Security Number or Individual Tax Identification Number (ITIN)
 - At least one borrower on the loan must have a valid Social Security Number
 - By itself, an ITIN is not evidence that the borrower is lawfully present in the United States. An ITIN is issued strictly for tax payment purposes.
- All borrowers whose income is being used to qualify for the loan must have a two (2) year history of employment, income and credit that meets GSE standard guidelines.

5.9.1 Non-Permanent Resident Aliens

A borrower who is a non-permanent resident alien, including Deferred Action for Childhood Arrivals (DACA), may be eligible with evidence of the following documentation.

- A current, valid visa or a current (unexpired) Employment Authorization Document (EAD) issued by the United States Citizenship and Immigration Services (USCIS)
- The documentation must substantiate the borrower is eligible to work in the U.S. and must be maintained in the Origination File.

Note: *The [U.S. Citizenship and Immigration Services \(USCIS\) website within the Department of Homeland Security](#) provides additional examples of documentation that establish both identity and employment authorization.*

5.9.2 Permanent Resident Aliens

A borrower who is a permanent resident alien may be eligible with evidence of the following documentation.

- A current, valid "green" card or Alien Registration Receipt Card (Form I-551) issued by the USCIS as evidence of permanent residency; or
- If the borrower has not received a hard copy of the permanent green card at the time of loan origination, a valid and unexpired foreign passport with the following stamp is acceptable:

Processed for I-551. Temporary evidence of Lawful Admission for Permanent Residency. Valid until MM-DD-YY. Employment Authorized.

- A copy of the "green" card is required for all permanent resident aliens on the loan and must be maintained in the Origination File documentation.

5.9.3 Inter Vivos Revocable Trusts

Enact will insure Inter Vivos Revocable Trusts to GSE Standard Guidelines.

5.10 Maximum Enact Insured Properties (09/18/21)

Enact reserves the right to limit new insurance to borrowers with multiple existing loans insured by Enact. Enact will monitor for borrower concentrations internally.

5.11 Previously Paid Claim

Enact will insure a loan for a borrower(s) on whom we have previously paid a Claim subject to GSE foreclosure, deed-in-lieu of foreclosure and pre-foreclosure (short) sale requirements and timeframes.

5.12 Qualifying Ratios (01/12/24)

It is the lender's responsibility to determine whether the borrower has the ability to repay all monthly debt obligations. The Origination File must contain the documentation to support the borrower's capacity to repay his/her obligations.

5.12.1 Debt-to-Income Ratio (DTI)

Enact uses a single, total, debt-to-income ratio for qualification. Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

Qualifying ratios may vary based on product or submission method (delegated vs. non-delegated). Refer to the program descriptions for possible exceptions to the above ratios. For detailed information on Debt-to-Income ratios, refer to applicable eligibility matrix.

5.12.2 Housing Expense-to-Income Ratio (HDI)

The housing expense-to-income ratio (HDI) is a ratio derived by dividing the borrower's monthly housing expense by their stable monthly income. This ratio is a tool used in assessing a borrower's capacity to meet the monthly mortgage payment obligation. Enact does not impose a maximum total housing expense-to-income ratio. Lenders should follow GSE standard guidelines for housing expense-to-income ratio requirements.

The monthly housing expense (PITIA) is the sum of principal, interest, taxes, insurance, ground rent or leasehold payments, cooperative fees, homeowner's association dues, special assessments, and any subordinate financing payments, as applicable.

5.13 Occupancy Eligibility (01/13/23)

5.13.1 Primary Residence

A property is considered a primary residence if it meets the following criteria:

- It is occupied by the borrower for at least six months out of the year and is the address of record for taxes, voter registration, etc.
- It is located within reasonable commuting distance of the borrower's place of employment.
- The borrower declares an intention to occupy the property as a primary residence.
- The property must be occupied by the borrower within sixty (60) days of closing or completion.

We will classify as a primary residence, a home purchased by a borrower for parents who are unable to work or do not have sufficient income to qualify for a mortgage, or a parent/guardian purchasing for their disabled adult child, subject to these guidelines:

- Purchase and rate/term refinance only to a maximum 95% LTV/CLTV.
- Borrower must provide an explanation identifying the situation and the need for financing.
- Occupancy by the parent or disabled adult child must be documented with a signed occupancy affidavit, indicating that the parent or disabled adult child intends to occupy the property within 60 days of closing.
- If run through a GSE AUS, messages related to intent to occupy must be addressed.

5.13.2 Second Homes

A property is considered a second home if it meets the following criteria:

- A 1-unit property located at a reasonable distance away from the borrower's primary residence
- Occupied by the borrower for some portion of the year
- Borrower must have exclusive control over the property
- No agreements may exist that give a management firm control over the occupancy of the property
- Must not be rental property, subject to rental pools, timeshare or shared ownership agreements. If rental income is identified, the loan is eligible to be underwritten as a second home if the income is not used for qualifying purposes and all other requirements for second homes are met including the occupancy requirements above.
- Second homes with seasonal occupancy limitations must follow GSE standard guidelines
- **Ineligible:** ARM with initial term < 1 year

Note: A "kiddie condo" is any property type that is purchased to provide housing for a family member who is attending college, trade or technical school. Typically, the parent(s) are the buyers and non-occupants, and the son/daughter is the occupant. "Kiddie condos" fall into our definition of second homes. Rental income from a "kiddie condo" may not be used for qualification purposes.

5.13.3 Investment Properties

A property is considered an investment property if it meets the following criteria:

- Non-owner-occupied property
- For borrowers who are natural persons
- Rental income may be used to qualify
- **Ineligible:** Cash-out refinances, construction-to-permanent, 2 – 4 units, ARM with initial term < 1 year

5.14 LTV/CLTV/GLTV/TLTV (01/10/25)

Enact calculates several ratios to express the relationship between the loan amount, subordinate financing amounts and financed MI with the property value (lesser of purchase price or appraised value). The numerator for each includes:

- LTV: Loan amount
- Combined LTV (CLTV): Loan amount + subordinate financing amounts (second liens or HELOCs)
- Gross LTV (GLTV): Loan amount + financed MI premium
- Total LTV (TLTV): Loan amount + subordinate financing amounts + financed MI premium

The loan amount includes financed amounts for closing costs, prepaids/escrows, etc., but not the mortgage insurance premium.

For loans where the MI premium is financed into the loan amount:

- Enact's underwriting guidelines are based on the LTV excluding the financed MI premium.
- The LTV category for rates is determined using the loan amount excluding the financed MI premium.
- The premium amount is calculated using the base loan amount, excluding the financed MI premium, multiplied by the premium rate.
- Split Premium payment option loans follow the same guidelines above. The annualized monthly premium rate is applied to the base loan amount, excluding the financed upfront premium.
- For **Simply Underwrite loans**, follow GSE GLTV requirements.
- For **Standard Guidelines**, the GLTV requirements are as follows:
 - The GLTV must not exceed 100% where the loan amount is \leq \$1,650,000
 - For all other transactions, the GLTV must not exceed the maximum LTV

For New York state property transactions, the following applies:

- The **sales price** is used to calculate the LTV ratio to determine whether mortgage insurance is required for cooperative purchase transactions.
- The **appraised value** is used to calculate the LTV ratio to determine whether mortgage insurance is required for non-cooperative properties and refinance transactions for co-op share loans.
- The lesser of the appraised value or sales price is used to calculate the LTV ratio to determine the level of mortgage insurance that is required for all New York properties.

Note: *A buyer's premium fee is a fee paid by the buyer (borrower) to a third party and is typically associated with the auction sale of a property. The buyer's premium fee may be added to the winning bid to determine the final sales price. As with all purchase transactions, the lesser of the sales price or the appraised value must be used when establishing the LTV. The buyer's premium fee should not exceed 10% of the winning bid.*

5.14.1 Maximum CLTV

The maximum combined loan-to-value (CLTV) is typically equal to the maximum LTV of the applicable product and program, except for Affordable Housing and Housing Finance Agency loans. For more information, see [section 4.5](#).

5.14.2 Types of Subordinate Financing

Follow GSE standard guidelines for eligible types of subordinate financing.

5.15 Refinance Transactions (01/12/24) - This has been moved to section 7.17.

5.16 Eligible Loan Types (01/12/24)

5.16.1 Fixed Rate/Fixed Payment

Fixed rate/fixed payment mortgages must be fully amortizing and may have terms up to 40 years.

Note: *Manufactured Housing loans have a maximum loan term up to 30 years.*

5.16.2 Adjustable Rate Mortgages (ARMs)

ARMs must be fully amortizing and may have terms up to 40 years.

5.16.3 ARM Index

The ARM index rate must be tied to an index that is published, beyond the control of the lender and easily verified by the borrower.

5.16.4 Five Year Fixed Period ARM

Enact charges fixed payment rates on loans featuring level payments for at least the first five (5) years provided there is no potential for negative amortization.

5.16.5 Lifetime Caps on ARM Loans

Enact requires lifetime caps not to exceed 6% over the initial rate.

5.16.6 Minimum Initial Fixed Period

The minimum initial fixed rate fixed payment period is twelve (12) months.

5.16.7 Per Adjustment Caps on ARM Loans

Per Adjustment Caps on ARM Loans				
Initial Fixed Period ¹	Maximum Initial Cap (1st Adjustment)	Maximum Periodic Cap (Subsequent Annual)	Lifetime Cap	ARM Restrictions
1 – 2 years	2%	2%	6%	Min. ARM Term ≥ 3 years: Loan Amounts > \$1,250,000
3 years	3%			
≥ 5 years	6%			
¹ The minimum subsequent interest rate adjustment period is 6 months.				

5.16.8 Qualifying Rate on ARMs

Follow GSE standard requirements. For more information, see [Fannie Mae](#) or [Freddie Mac](#).

5.17 Temporary Buydowns (01/12/24)

Temporary Buydowns				
Occupancy	Loan Type	LTV	Max Buydown Period	Restrictions
Primary Residence	<ul style="list-style-type: none">Fixed rate≥ 1 year ARMs	97%	3-2-1	Temporary Buydowns are ineligible with the following: <ul style="list-style-type: none">Cash-out RefinancesLoan amounts > \$1,250,000
Second Home		90%		
Investment Property		85%		
Note: Follow GSE standard guidelines for qualifying rate details for temporary buydowns. Refer to Fannie Mae or Freddie Mac .				

5.18 Guidelines for Property and Appraisals (01/10/22)

5.18.1 Ownership

Enact will accept loans with the following forms of ownership under GSE standard guidelines:

- Fee Simple Estate
- Leasehold Estates

5.18.2 Eligible Property Types

Enact will provide mortgage insurance coverage for the following property types:

- Single family, detached
- Condominiums, detached and attached
- PUDs, detached and attached (townhomes, row homes, patio homes)
- Earth dome and geothermal properties
- Cooperative units
- Modular and Panelized Factory Built Housing
- Manufactured Housing
- 2 – 4 units
- Atypical/unique properties

5.18.3 Energy-Efficient Properties

Enact does not grant ratio exceptions in excess of our standard DTI maximums due to a property's energy efficiency or energy efficient items. Variances for adjustments to income for anticipated energy savings are also not allowed.

Lease payments for solar panels may be excluded from the monthly DTI ratio calculation if the lease:

- Provides for delivery of a specific amount of energy for an agreed upon payment during a given period; and
- Includes a production guarantee under which the Borrower is compensated on a prorated basis when the energy produced by the solar panels is less than the level required in the lease agreement

Payments for solar panels under power purchase agreements (PPA) where the payment is calculated solely based on the energy produced may be excluded from the DTI ratio.

5.18.4 Mixed Use Properties

Mixed-use properties must meet the following requirements:

- A one-family dwelling unit that the borrower occupies as a principal residence
- A legal, permissible use of the property under local zoning requirements
- The property must contain only one non-residential use
- The borrower is both the owner and operator of the business

5.18.5 Acreage/Rural Properties

Maximum acreage does not apply to Simply Underwrite or Standard Guideline loans. Enact does not insure non-residential properties such as agricultural properties, commercially used properties, working farms, orchards and ranches. Properties that are not residential in nature are ineligible for MI regardless of the acreage.

The appraisal report must indicate the following:

- Must meet GSE standard guidelines for acreage/rural properties
- The appraisal report must include comps that bracket the subject's acreage, with at least one comp within 20% of subject's acreage
- The site size must be typical for the area and readily marketable. Appraisal report must comment on whether the subject's acreage is typical for the area
- The appraisal report must address the impact of outbuildings, especially significant outbuildings on the property's value and use
- Highest and best use of the property must be residential single family

5.18.6 Ineligible Properties

- Commercially used properties
- Unimproved land
- Time share units
- Mobile Homes
- Working farms, orchards and ranches
- Houseboats
- Condotels

5.18.7 Community Land Trusts and Deed/Resale Restrictions

Enact will insure Community Land Trust Mortgages and properties with Deed or Resale Restrictions per GSE guidelines.

- Properties associated with Community Land Trusts or Deed/Resale Restrictions must meet the GSE requirements for eligible property types.
- All ground leases or deed/resale restrictions must terminate upon foreclosure or deed-in-lieu of foreclosure
- Any resale restrictions that survive foreclosure will require an Enact Underwrite

Note: The LTV calculation for properties involving Community Land Trusts or Deed/Resale Restrictions may require the LTV be calculated based on the appraised value as opposed to the sales price. Lenders should adhere to the GSEs' requirements for determining the LTV.

5.19 Detached PUDs and Detached Condominiums

5.19.1 Detached PUDs

A detached PUD has the following characteristics:

- Mandatory HOA which manages the project
- HOA owns and maintains the common areas
- Owners holds title to the lot and improvements

5.19.2 Detached (Site) Condominiums

A detached (site) condominium has the following characteristics:

- Sites are divided and recorded by condominium documents rather than a plat
- Buyers receive a warranty deed for their property

- Owners within the community own, with the other owners, the common areas
- Owners are responsible for the maintenance of their own properties and landscape
- Mandatory homeowner's association (HOA) which manages the project

The appraisal report should include an addendum describing the project and the specific ownership characteristics/rights of the subject property and state that comparable sales have been used from similar projects. It should be clear in the report that the subject property's owner owns the entire dwelling and the entire lot as well as the airspace/ground space above and below the subject property.

5.20 Project Acceptance

The lender must determine if the attached PUD, attached condominium and cooperative project meets the applicable GSE project warranties and document the project acceptance according to GSE guidelines. The lender is required to retain all documentation supporting the warranty that the project meets Fannie Mae or Freddie Mac eligibility criteria.

Included in the warranty is the acknowledgement that there have been no changes to the project that would result in the project no longer meeting eligibility requirements. The lender must also be sure that the data submitted to the GSE for project approval is accurate and consistent with the appraisal and other project documentation obtained.

5.21 Project Concentration

Enact's maximum exposure in a project is generally limited to 33% of the units within a condominium project. Additional units will be considered on a case-by-case basis. Enact monitors project concentration at the portfolio level.

5.22 Attached PUDs and Attached Condominiums Guidelines (06/25/18)

5.22.1 Attached PUD Unit

An attached PUD unit (townhomes, row homes, patio homes) in a PUD has the following characteristics:

- Located in a project or subdivision which includes common areas
- Mandatory HOA which manages the project
- HOA owns and maintains the common areas
- Owners hold title to the lot and improvements

5.22.2 Attached Condominiums

An attached condominium has the following characteristics:

- Units that are individually owned and the common areas, such as hallways and recreational facilities, are jointly owned (usually as "tenants in common") by all the unit owners in the building
- A homeowner's association that manages the project

5.22.3 Condominium Project Review Types

Condominium, PUD and cooperative share projects must be warrantable per Fannie Mae and Freddie Mac published project guidelines. The project review types that are eligible are listed below. The lender must comply with the GSE's general project review standards and eligibility requirements as well as the specific project requirements for one of the following:

- Fannie Mae Project Eligibility Review Service (PERS) Final Approval, Condo Project Manager (CPM) Certified by Lender, Lender Full Review and Limited Review
- Freddie Mac Streamlined Review, Established Condominium Projects, New Condominium Projects and Detached Condominium Projects

For all project types, including any project review type not listed above, refer to the guidelines in section 5.23 below. Cooperative units must be located in Fannie Mae's acceptable locations, see [section 5.24](#).

5.23 Attached Condominium Eligibility Requirements

The following guidelines are applicable to attached condominiums:

- Project must be warrantable according to GSE general warranty requirements
- Project must meet the applicable GSE general project requirements
- Project must not be an ineligible project according to GSE standard guidelines
- Lender has no knowledge of any negative circumstances affecting project eligibility

Note: *Loans in attached condominium projects that do not meet GSE project eligibility requirements, and are considered non-warrantable, may be submitted to Enact for consideration on a case-by-case basis. Origination Files containing a Condo Project Advisor feedback certificate in which a Project Waiver Request (PWR) has been granted may be submitted to Enact for consideration on a case-by-case basis.*

5.23.1 Leasehold Condominiums

A leasehold condominium is acceptable if both the attached condominium eligibility requirements as stated in the section above and the following requirements are met:

- The leasehold should be typical to the area and market accepted. The appraiser should state this in the appraisal report
- Comparable sales should have the same type of ownership, properly reflecting market value, marketability and market acceptance
- The comparable sales should be leasehold and have similar lease terms
- The term of the leasehold should extend out past the term of the loan. This may vary depending upon investor requirements

5.24 Cooperative Units Eligibility Requirements (01/12/24)

5.24.1 This section has been removed (03/01/20)

5.24.2 Co-op Project Eligibility Requirements

A cooperative unit must meet the GSEs' co-op property requirements. The lender must make the applicable project warranties and document the project's acceptance per GSE requirements.

Fannie Mae's published list of eligible states for coops are listed in the Acceptable Locations section below and are eligible for our MI. Our co-op requirements are listed below. For items not addressed, the GSEs' co-op requirements apply.

Cooperative Units Eligibility Requirements	
Acceptable Locations (Fannie Mae)	<p>The cooperative unit must be in an area where this form of ownership has demonstrated market acceptance. We align with Fannie Mae for acceptable locations and will insure coops in the states below; coops in other markets are not eligible. Acceptable locations are:</p> <ul style="list-style-type: none"> • Alaska • California • Connecticut • Florida • Illinois • Indiana • Maryland • Massachusetts • Michigan • Minnesota • New Jersey • New York • Pennsylvania • Washington • Virginia • District of Columbia
Ineligible Projects	The project must not be an ineligible project according to GSE standard guidelines
Minimum Square Footage	Enact does not have a minimum square footage requirement. All properties, regardless of size, must be supported with comparables of similar size and sales price
Units	Project must consist of at least 2 units
Delinquency	No more than 15% can be delinquent more than 60 days
Pro-Rata Share of Project Mortgage	The pro-rata share of the underlying mortgage that is related to the co-op share loan must be 35% or less of the pro-rata share of the underlying mortgage divided by the appraised value plus unit's share of the underlying mortgage
Commercial Space	Limited to no more than 35% of the project's square footage
Comparables	<ul style="list-style-type: none"> • Existing projects greater than two (2) years old: Two (2) comparables from within the project are required where possible as well as one (1) from outside the project • New conversions and new construction: Two (2) comparables from outside the project are required as well as one (1) from inside the project
Flip Tax	If a flip tax is imposed, the amount of the flip tax must be less than or equal to 5% of the value of the property (calculated as the lesser of appraised value or sales price)

Cooperative Units Eligibility Requirements	
Blanket Mortgage	<p>The blanket project mortgage may be a market-rate FHA-insured mortgage or a conventional mortgage.</p> <p>The blanket mortgage for the project may be a balloon mortgage. The remaining term may not be less than six months. If the balloon mortgage incorporates an adjustable-rate feature, and the remaining term is less than three years but not less than six months, the current interest rate may not be subject to an interest rate adjustment prior to the maturity date.</p>

5.25 Declining Property Values and Geographic Guidelines

Properties located in neighborhoods experiencing declining values, an oversupply of homes for sale, and marketing times in excess of six (6) months represent a higher risk of loss of equity for the borrower. These properties require additional scrutiny of the appraisal, e.g. use of recent sales, sales and financing concessions.

Enact monitors internal and external housing market data and may identify certain markets as Declining or Distressed Markets. There are no markets currently identified as Declining or Distressed.

The following geographic guidelines apply as indicated in the grid below.

Geographic Guidelines	
State	Restrictions
New York	<p>For cooperative purchase transactions, it is ineligible if the loan amount ÷ sales price is < 80%. For more information, see section 5.14.</p> <p>For all other properties, ineligible if the loan amount ÷ appraised value is < 80%</p>
Guam, Puerto Rico and Virgin Islands	Ineligible

5.26 Non-Arm's Length Transactions

A non-arm's length transaction exists where there is a direct relationship, such as family members, close friends, employers, or employees, between the borrower and another party to the transaction. These other parties include, but are not limited to, the property seller, builder, broker, appraiser, closing agent, etc. Such transactions may not yield a fair or accurate market value.

If the subject property sale is between related parties or is otherwise not an arm's length transaction, such relationship should be disclosed and addressed on the appraisal. The underwriter should be careful to ensure that true and accurate value has been established.

5.27 Property Flipping - This section has been removed (01/12/24)

5.28 Disaster Policy (01/10/22)

If a property has been impacted by a FEMA Declared Disaster Area, the lender must determine whether there is physical damage that affects the value of the property as submitted with the Application. We do not dictate the method; however, a property inspection may be needed to make this determination.

If a property falls victim to damage caused by disaster, prior to submission of a Claim, the property will need to be brought back to the same condition as of the commitment date, less Reasonable Wear and Tear. Failure to restore the property may affect the amount of the Claim payment.

Enact follows GSE age of documentation requirements for loans secured by properties in an eligible disaster area as defined by the GSEs.

5.29 Appraisal Documentation and Age - This section has been removed (1/10/25)

5.30 Builder/Seller Contributions (01/12/24)

Follow GSE standard guidelines for treatment of builder/seller contributions. Loans with payment abatements are ineligible. Payment abatements are funds provided by an interested party used to offset or fully fund a borrower's monthly payments.

Note: *The payment of HOA fees is not considered an abatement unless the payment of the fee extends for more than 12 months. The payment of HOA fees for 12 months or less is considered an interested party contribution.*

5.31 Relocation Loans (08/05/19)

5.31.1 Employer Relocation Programs

A relocation loan must have all of the following attributes:

- An owner-occupied purchase money loan originated subsequent to an established employee relocation program to finance a primary residence at a new location
- Made pursuant to a relocation program administered by the corporate employer or its agent
- Made by the lender pursuant to a contract or agreement with the employer or its agent

Employer contributions must consist of one or more of the following:

- A buydown or subsidy of the mortgage interest rate
- Payment of the borrower's closing costs (including loan discount points and origination fees) on the new and/or the previous residence
- Funding of a below market rate or no interest bridge loan
- Payment of the difference between property tax and/or mortgage interest rate obligation on the employee's previous residence and new primary residence
- Funds for moving expenses, temporary housing, house hunting expenses, loss on sale of home, equity buyout of current mortgage

6 Simply Underwrite

6.1 Simply Underwrite (01/12/24)

Simply Underwrite is Enact's program for DU Approve/Eligible, or Loan Product Advisor Accept, Eligible for Purchase loans that meet certain parameters. For information on Simply Underwrite LTV/Loan Limits, see [section 4.1](#).

6.1.1 GSE AUS Recommendations and Risk Classifications for Simply Underwrite

Simply Underwrite is open to loans with the following GSE AUS recommendations or risk classifications and will be referenced as "Simply Underwrite Loans" throughout this document. Loans submitted through a customized GSE AUS or non-GSE AUS are excluded from Simply Underwrite. These loans require a manual underwrite to Enact's Standard Guidelines.

GSE AUS Recommendations/Risk Classifications for Simply Underwrite	
DU Approve or Loan Product Advisor Accept	
<ul style="list-style-type: none"> • Approve/Eligible or Accept/Eligible • Approve/Ineligible or Accept/Ineligible for ARM Type • Approve/Ineligible or Accept/Ineligible for LTV - 95.01 – 97% 	

All other recommendations/risk classifications are ineligible for Simply Underwrite and must be underwritten to Enact's Standard Guidelines. Occasionally, Fannie Mae or Freddie Mac will change guidelines such that a previously "ineligible" condition becomes "eligible" for delivery before DU or Loan Product Advisor is modified to reflect the change. These loans also fall under this "ineligible" process.

6.2 GSE AUS Underwriting Obligations (09/18/21)

Our acceptance of the GSE AUS response is conditioned on the lender's adherence to the following requirements:

- The recommendation/risk classification was based on accurate and verified data and there was no failure to submit any data to the GSE AUS that may have affected the GSE AUS result;
- The loan was underwritten in compliance with the guidelines and approval conditions detailed in the GSE AUS findings/feedback report;
- The loan was documented and reviewed according to the requirements specified in the GSE AUS findings/feedback report, including a review of the credit report to confirm that the credit history evaluated by the GSE AUS was accurate and complete;
- Erroneous credit report data or potentially derogatory or contradictory information in the Origination File has been investigated and acted upon in accordance with the GSE's requirements; and
- All other requirements of the Sellers or Selling Guide have been met and the loan is eligible for GSE delivery.

These obligations are consistent with the requirements set by Fannie Mae and Freddie Mac when approving a DU or Loan Product Advisor decisioned loan.

Note: *We expect our delegated and non-delegated partners to apply prudent underwriting judgment and reasonableness tests when evaluating a DU or Loan Product Advisor loan for approval. A loan that meets our Simply Underwrite eligibility criteria must not be viewed as an automatic approval for MI. It is the lender's responsibility to perform its due diligence to carefully evaluate the risk in the transaction prior to making a loan decision.*

6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate

The final AUS evaluation must be included in the Origination File. The credit report used by the GSE AUS to determine its recommendation or risk classification is the credit information that the lender must use when determining the representative credit score for MI pricing and eligibility.

The Findings/Feedback messages and conditions must be satisfied and evidenced by the Origination File documentation. "Potential red flag" messages must also be addressed. While the minimum level of documentation for the loan is described in the Findings/Feedback report, it may not be adequate for the loan's particular circumstances. Additional documentation may be warranted to substantiate the loan decision.

For some loan characteristics, DU and Loan Product Advisor require a lender to take steps outside of the Findings/Feedback report and perform a manual loan assessment according to Selling/Sellers Guide guidelines. Examples include project warrantability and foreclosure and pre-foreclosure waiting periods. The lender must satisfy these requirements to determine there is no change to the loan's eligibility, per the GSE's guidelines.

6.2.2 DU and Loan Product Advisor Data Accuracy

The data provided to DU and Loan Product Advisor must be verified, accurate and substantiated by Origination File documentation. All data that could impact the DU or Loan Product Advisor result must be disclosed. The lender must carefully review the accuracy of the credit report, income, assets, liabilities and employment data provided to and used in the GSE AUS recommendation/risk classification determination.

6.2.3 Overlays

The following Enact overlay applies to Simply Underwrite Loans.

- *Minimum 620 credit score for Second Homes and Investment Properties*

6.2.4 Eligibility Exclusions

Loans with certain features are excluded from Simply Underwrite as we do not insure these features. The following are excluded from Simply Underwrite:

- Properties located in Guam, Puerto Rico and the Virgin Islands

Lender-negotiated guideline variances or approvals are excluded from Simply Underwrite, unless Enact has approved the variance in writing for inclusion. Approved variances are subject to the terms, overlays and other eligibility criteria of Simply Underwrite. The following variances are eligible for Simply Underwrite:

- GSE Renovation Mortgages
- Cooperative Share Mortgages
- Fannie Mae HFA Preferred™ - for more information, see [section 4.2](#).
- Freddie Mac HFA Advantage® Mortgages - for more information, see [section 4.2](#).

7 Standard Guidelines

7.1 Standard Guidelines Documentation Requirements (01/12/24)

Standard Guidelines apply to loans that are manually underwritten without a GSE AUS recommendation or risk classification or loans that do not meet Simply Underwrite Guidelines with the following exceptions.

- Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification with loan amounts up to **\$1,250,000**:
 - May follow the respective AUS documentation requirements for employment, income, assets, reserves and tradelines
 - All other parameters of Enact's Standard Guidelines must be met, **including but not limited to**, requirements regarding LTV, credit score, DTI, borrower own funds, etc.
- All other loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification or manually underwritten loans must follow Enact's Standard Guideline documentation requirements as described in the section below.

Notes:

- Loans with a DU Approve/Ineligible or LPA Accept/Ineligible for nontraditional credit must follow the guidelines in section 4.9.*
- Loans underwritten to Enact's Standard Guidelines may be submitted using your delegated authority, as allowed, or submitted to us for an Enact underwrite (full package). Our underwriters may request additional documentation to supplement the GSE minimums to support the underwriting decision for loans submitted for an Enact underwrite.*

7.2 Standard Guidelines Documentation (01/10/25)

Standard Guidelines Documentation		
Documentation	DU Approve Ineligible or Loan Product Advisor Accept Ineligible	All other Manually Underwritten Loans
GSE AUS Findings or Feedback Report	Evidence of the final AUS evaluation is a required document for the Origination File.	As applicable.
Credit Report	Follow the GSE AUS requirements. Note: <i>The credit report used by the GSE AUS to determine its recommendation or risk classification is the credit information that the lender must use when determining the representative credit score for pricing or eligibility.</i>	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
Mortgage & Rental Payment History	<u>Mortgage Payment History</u> <ul style="list-style-type: none"> Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive <u>Rental Payment History</u> A direct verification of rental payments (a VOR or 12 months cancelled checks, as applicable) will be required if: <ul style="list-style-type: none"> The borrower is a nontraditional credit borrower which requires a verification of rental payments as one credit reference, or An additional credit reference is needed to meet our minimum tradeline and history requirement When a borrower is not paying for any monthly housing, an explanation should be provided 	
Income & Employment	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive

Standard Guidelines Documentation		
Documentation	DU Approve Ineligible or Loan Product Advisor Accept Ineligible	All other Manually Underwritten Loans
IRS Form 4506-C, 8821 or 4506	Follow the GSE AUS requirements	<ul style="list-style-type: none"> Follow Freddie Mac if Freddie Mac Follow Fannie Mae for all others <p>Note: <i>Lender is not required to submit the signed documentation to Enact prior to certification; however, the documentation must be retained in the Origination File after it has been obtained and must match the unsigned tax returns/transcripts used for underwriting.</i></p>
Verbal VOE	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
Assets	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive. See section 7.10.3 .
Appraisal	<ul style="list-style-type: none"> All property evaluations must have an Interior/Exterior review (URAR). The appraisal form and applicable addenda must meet GSE requirements. Use of automated valuation models (AVMs), Appraisal Waivers, desk reviews, or exterior only appraisals to obtain property values are ineligible. Follow the GSE's standard guidelines for age of appraisal of 120 days. Follow the GSE's policy for obtaining an appraisal update and/or new appraisal for outdated and expired appraisals. Loan amounts > \$1,500,000 <ul style="list-style-type: none"> 2 Full URARs, or 1 Full URAR and a Field Review (Form 2000/Form 1032) 	
Appraisal for Construction-to-Permanent Loans	<ul style="list-style-type: none"> URAR, "subject to completion" completed by an appraiser at time of underwrite. The appraisal form and applicable addenda must meet GSE requirements. Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction. A new appraisal may be required at completion of construction if the appraiser indicates on the Form 1004D/442 that the value has declined. For detailed construction-to-permanent appraisal and recertification of value requirements, see section 4.7. 	
Age of Credit Report, Income, Employment and Asset Documentation	Follow the GSE AUS requirements	<ul style="list-style-type: none"> Follow Freddie Mac if Freddie Mac Follow Fannie Mae for all others

7.2.1 LTV 95.01 – 97% - This section has been removed. (01/13/23)

7.2.2 LTV/CLTV/GLTV/TLTV - This section has been removed. (12/16/19)

7.3 Balloon/Call Options (01/13/23)

Enact will insure mortgage loans featuring balloon payments or call options. The minimum term is five (5) years. The lender, however, must offer the borrower a new loan at market rates in an amount not less than, the then outstanding principal balance with no decrease in the amortization period in order for our insurance coverage to continue. At the end of the balloon term, Enact's Master Policy requires that an offer of unconditional refinancing or modification be extended to the borrower in order for our insurance coverage to continue.

If the borrower is offered a modification of the same note, a Notification of Modification must be submitted to our Delegated and Specialized MI Team.

If an entirely new note is executed, Enact's insurance coverage will continue provided a new signed loan application, a mortgage insurance Application, and the Enact Certificate number for the prior loan are submitted to Enact for review.

We reserve the right to adjust the renewal premium or to request a mortgage payment history if the modification or the new loan represents additional coverage or a riskier mortgage type.

Notes:

- *Balloons are ineligible for the following: Cash-out refinances and loan amounts > \$1,250,000.*
- *Balloons are eligible for the interim financing for construction-to-permanent loans if at the end of the balloon term an offer of unconditional refinancing or modification will be extended to the borrower.*

7.4 Credit Underwriting (01/10/25)

Enact requires an evaluation of the borrower's entire credit history to ascertain the borrower's willingness to repay obligations. Some circumstances may warrant obtaining additional credit references to make this determination and to substantiate the loan decision.

- Credit data should be requested for each borrower from a minimum of two (2) credit repositories; three (3) credit repositories are preferred.
 - A U.S. Residential Mortgage Credit Report (RMCR) or an in-file credit report should be used to evaluate the borrower's credit.
- A borrower may qualify through the use of a traditional or nontraditional credit evaluation

Note: *For information on Simply Underwrite guidelines, see [section 4.1](#) and [section 6](#).*

Documentation Requirements		
Documentation	DU Approve Ineligible or Loan Product Advisor Accept Ineligible	All other Manually Underwritten Loans
Credit Report	Follow the GSE AUS requirements. Note: <i>The credit report used by the GSE AUS to determine its recommendation or risk classification is the credit information that the lender must use when determining the representative credit score for pricing or eligibility.</i>	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
Documentation Age	Follow GSE AUS requirements	<ul style="list-style-type: none"> • Follow Freddie Mac if Freddie Mac • Follow Fannie Mae for all others

7.4.1 Traditional Credit Requirements

Each borrower must meet all of the following traditional credit requirements:

Minimum credit score as required per the eligibility matrix	A minimum of three (3) tradelines / credit references, open or closed, that have been evaluated at least 12 months
<p>The minimum representative credit score is based on the lowest representative credit score of all borrowers and is determined as follows:</p> <ul style="list-style-type: none"> • If three scores are obtained, use the middle score. • If three scores are obtained and two are identical, use the identical score. • If two scores are obtained, use the lower score. • If one score is obtained, use the score 	<ul style="list-style-type: none"> • Tradelines/credit references may be a combination of tradelines, traditional or nontraditional credit • Authorized user tradelines may be used to count towards the minimum tradeline requirement if: <ul style="list-style-type: none"> • The owner of the account is another borrower on the mortgage, or • The account belongs to the borrower's spouse, or • The borrower has been the sole payer on the account for the last 12 months and can document those payments

7.4.2 Nontraditional Credit Requirements

Nontraditional credit guidelines should be used if no credit score(s) are obtained from any credit reporting agency due to the absence of credit information or if unable to meet minimum number of tradelines/credit references and history requirements. For more information, see [section 4.9](#).

7.5 Traditional Credit Evaluation (01/10/25)

Borrower Credit Evaluation	
Topic	Description
Inaccurate Credit File	Follow GSE standard guidelines for treatment of inaccurate credit file information
Adverse History	<p>Adverse credit may indicate the degree of a borrower's ability and willingness to repay their mortgage. When a borrower has adverse credit, an assessment should be made to determine whether the reasons causing the adverse credit are reasonable, have been corrected or are likely to re-occur. Borrowers with occasional and/or isolated incidences of adverse credit should have a sufficient number of other accounts that demonstrate their willingness and ability to meet debt obligations in a timely manner.</p> <p>In evaluating the loan, adverse history should be evaluated in terms of the loan's LTV, the borrower's verified assets and the strength of the subject collateral as well as other risk factors involved in the loan.</p>
Mortgage & Rental Payment History	<ul style="list-style-type: none"> • A current status • No more than 0 x 30 in the last twelve (12) months • No more than 1 x 30 or 0 x 60 in last 24 months
Installment Credit History	Follow GSE standard guidelines
Revolving Credit History	Follow GSE standard guidelines
Bankruptcy	Follow GSE standard guidelines
Foreclosure	Follow GSE standard guidelines
Deed-In-Lieu of Foreclosure & Pre-foreclosure (Short) Sale	Follow GSE standard guidelines
Charge-Off Accounts – Mortgage Debt	Follow GSE standard guidelines
Public Derogatories	Follow GSE standard guidelines
Re-established Credit	Follow GSE standard guidelines
Underwriting Notes	<p>File data should be consistent with information in the credit report and the credit score factor codes should not indicate recent high-risk activity, such as:</p> <ul style="list-style-type: none"> • Multiple newly opened accounts • Unrelated credit inquiries, or • Any recently delinquent accounts, especially 60-day or 90-day late payments <p>Follow GSE standard guidelines regarding documentation of the above items.</p>

7.6 Credit Underwriting: Using Nontraditional Credit (01/13/23)

The Nontraditional Credit Guidelines have been moved to Section 4.9

7.7 Collections, Judgments or Liens (01/12/24)

Non-medical collections, charge offs, judgments, liens and payment plans for federal and state tax liens must be paid in full prior to closing, especially any debt affecting title. Non-medical collections and non-mortgage charge-offs may remain open to the following maximums:

- Up to \$250 per account, and
- Up to \$1,000 in the aggregate

Collections in connection with an unforeseen expense should not be viewed as adverse provided that it has been paid in full or a repayment plan has been established and has been paid as agreed for the last twelve (12) months.

A monthly payment due under an IRS income tax installment may be included in the DTI ratio, in lieu of payment in full, when meeting GSE standard underwriting and documentation requirements.

For construction-to-permanent loans, if coverage is activated upon completion of construction, all liens affecting title must be satisfied prior to activation of coverage.

7.8 Consumer Credit Counseling

Some borrowers seek assistance of consumer credit counseling agencies to restructure debts and establish an affordable repayment plan. At the conclusion of credit counseling, the borrower should have:

- Re-established credit of a minimum of three (3) accounts, one housing related, with twelve (12) months history, and no late payments

7.9 Pending Lawsuits

Borrowers who have pending lawsuits may be eligible if they can provide evidence of sufficient malpractice insurance, other means to cover the estimated amount of the potential liability, or a letter from an attorney stating the borrower has no financial liability.

7.10 Assets and Liabilities (01/10/25)

Enact will accept the following GSE standard underwriting guidelines for asset and liability assessment. Our policy is to:

- Follow Fannie Mae's guidelines when Fannie Mae is the investor or the Fannie Mae Selling Guide is your standard guideline set.
- Follow Freddie Mac's guidelines when Freddie Mac is the investor or the Freddie Mac Seller Guide is your standard guideline set.
- Follow the least restrictive of the agencies' guidelines for all other situations, unless a specific GSE's guideline is noted to follow for all others.

7.10.1 Eligible Sources of Funds

Eligible Sources of Funds	
Eligible Sources of Borrower's Own Funds	
The sources of funds below are eligible as the Borrower's Own Funds for purposes of meeting the borrower's minimum requirement for down-payment, closing costs, financing costs and/or prepaids.	
Borrower's Own Funds	<p>Eligible and documented according to GSE standard underwriting guidelines:</p> <ul style="list-style-type: none"> • Checking and Savings Accounts • Deposits on Sales Contract • Cash on hand (Affordable Housing only) • Stocks, Bonds, Mutual Funds (follow Fannie Mae for all others) • Retirement Accounts (follow Fannie Mae for all others) • Sales proceeds from a currently owned home • Borrowed Funds, secured by an asset owned by the borrower • Bridge loans • Rent with Option to Purchase • Sale of Personal Assets • Individual Development Accounts
Gift Funds Grant Funds Employer Assistance	<p>The minimum contribution can be met by acceptable sources per GSE guidelines if:</p> <ul style="list-style-type: none"> • Primary, purchase, 1 unit or second home • Credit score \geq 680 and DTI \leq 45% • No subordinate financing resulting in monthly payment obligations <p><u>Gift Funds</u></p> <ul style="list-style-type: none"> • Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity <p><u>Grant Funds</u></p> <ul style="list-style-type: none"> • Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities • Grant funds cannot require monthly payment obligations • A grant, including those with deferred payments or forgiveness, with a repayment obligation of any kind or that results in a recorded lien against the property is considered subordinate financing and subject to our CLTV maximums • Down payment assistance programs utilizing a deed restriction or a means other than a recorded lien, i.e., a retention agreement, to enforce repayment terms may be treated as grants with no requirement for a CLTV calculation <p><u>Employer Assistance</u></p> <ul style="list-style-type: none"> • Follow GSE standard underwriting guidelines and documentation for employer assistance

Eligible Sources of Funds	
Eligible Sources of Borrower's Own Funds	
Eligible Sources of Funds After Borrower's Required Minimum Has Been Met	
The sources of funds below are eligible sources of funds for down-payment, closing costs, financing costs and/or prepaids AFTER the borrower's required minimum has been met.	
Credit Card Financing	Follow GSE standard underwriting guidelines and documentation for credit card financing
Sweat Equity	Sweat Equity is permitted per GSE standard guidelines for Affordable Housing loans only

7.10.2 Repayment of Debts

Follow GSE standard underwriting guidelines and documentation for:

- Alimony and Child Support
- Bridge Loans
- Contingent Liabilities
- Debts Paid by Others
- Garnishments
- Installment Debt
- Real Estate Debt
- Revolving Debt
- Lines of Credit
- Timeshare Accounts
- Deferred Installment Debt (non-student loan)
- Subject Property Payment
- Subordinate Financing
- Undisclosed Debt
- Trade Equity, per Fannie Mae guidelines
- Trust Accounts
- 401-K as Debt
- 1031 Exchange
- 30 Day Charge Accounts
- Satisfaction of Debt to Qualify
- Student loans

7.10.3 Borrower's Minimum Contribution and Reserves

The borrower's minimum contribution must be put "into the transaction". This means that the minimum amount required from the borrower is used for down-payment, closing costs, financing costs and/or prepaids. The minimum amount must be verified and documented as the Borrower's Own Funds.

For more information on minimum borrower contribution and reserve requirements for Affordable Housing and HFA loans, see [section 4.5](#).

Note: *References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at [FHFA Loan Limits](#).*

Borrower's Minimum Contribution and Reserves		
Occupancy/Loan Amount	Borrower Minimum Contribution ^{1,2,3}	Reserves
Primary Residence, 1 Unit, Purchase		
• Loan Amount ≤ \$1,250,000	3%	2 months
• Loan Amount - \$1,250,001 - \$1,750,000	5%	6 months
• Loan Amount > \$1,750,000	10%	12 months
Primary Residence: 1 Unit, Rate/Term Refinance	NA	0 months
Primary Residence: Cash-out Refinance	NA	0 months
Primary Residence: 2 - 4 Units	5%	6 months
Second Homes	5% <i>Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from Borrower's Own Funds.</i>	6 months
Investment Property	15%	6 months
¹ From Borrower's Own Funds as defined in section 7.10.1, Eligible Sources of Funds . ² See section 7.12, Manufactured Housing Requirements . ³ See section 4.7, Standard Guidelines for Construction-to-Permanent Loans .		

7.10.4 Pooled Savings as Debt - This section has been removed (01/12/24)**7.10.5 Asset Documentation**

This excerpt from Standard Guidelines Documentation Requirements highlights our documentation requirements for assets. For more information, see [section 7.1](#) for a complete discussion of Origination File documentation. Our underwriters may request additional documentation to supplement the GSE's minimums to support the underwriting decision.

Asset Documentation		
Documentation	DU Approve Ineligible or Loan Product Advisor Accept Ineligible	All other Manually Underwritten Loans
Assets	Follow GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive. See section 7.10.3
Documentation Age	Follow GSE AUS requirements	<ul style="list-style-type: none"> Follow Freddie Mac if Freddie Mac Follow Fannie Mae for all others

7.11 Employment and Income (01/10/25)

The borrower's ability to repay the mortgage debt in a timely fashion is a major underwriting criterion. Like collateral value and credit, the borrower's income and employment history play an important role in determining if the loan is an insurable risk for Enact.

Although Enact values stability of income more than stability of employment, to consider income or employment to be stable, two (2) years of receipt should be documented. If less than two (2) years are documented, we require that the borrower's income be:

- Adequately verified
- Stable
- Sufficient to repay the mortgage debt
- Likely to continue (This applies to income types for which continuance is always defined and documentable)

7.11.1 Self-employed Income

We require all self-employed income and cash flow to be underwritten to GSE standard guidelines and documentation.

7.11.2 Salaried or Other Income

For borrowers that are salaried or otherwise not self-employed, Enact accepts income calculations as defined by GSE standard underwriting guidelines for the following sources of income as long as there is a documented history of receipt that supports the type of income.

- Automobile Allowances
- Alimony and Child Support
- Boarder Income
- Bonus Income
- Commission Income
- Foreign Income (Refer to section 7.11.5)
- Foster Care Income
- Interest and Dividends
- Military Income
- Mortgage Interest Differential Payments
- Non-taxable Income
- Homeownership Voucher Program (Section 8 Income)
- Mortgage Credit Certificates
- Notes Receivable
- Overtime
- Part Time or Second Job Income
- Rental Income from Investment Property
- Rental Income for Primary 2 - 4 Unit Properties
- Retirement Income
- Social Security Benefits
- Tip Income
- Temporary Leave Income
- Trust Income
- Unemployment Benefits
- VA Benefits
- Welfare Benefits

Other types of income such as disability, pension income and other incomes not listed may be eligible as long as they can be properly verified and analyzed to determine stability. For income types not addressed, follow GSE standard guidelines.

7.11.3 New Employment Income, Compensation Increases and Employment Contracts

Follow GSE standard guidelines when the borrower has been employed for less than two years and previously attending school or a training program. The underwriter should relate the borrower's education/training to future income potential, employment opportunities and employment stability.

Instead of a first paystub, new employment can be documented with a fully executed employment contract/offer letter that provides the start date and salary. The start date must be within 90 days of closing.

Compensation increases may be utilized for qualification purposes if fully documented by the employer and the date of increase is within 90 days of closing.

Follow GSE standard guidelines for the amount of reserves and any additional requirements pertaining to future employment or employment starting after the note date.

7.11.4 Employment Gap – This section has been removed. (01/12/24)

7.11.5 Foreign Income

Income may be earned in the U.S. or a foreign country and may be paid in U.S. or foreign currency. All income must be translated to U.S. dollars.

7.11.6 Deferred Income – This section has been removed. (01/12/24)

7.11.7 Education Benefits – This section has been removed. (01/12/24)

7.11.8 Trailing Co-Borrower Income – This section has been removed. (01/12/24)

7.11.9 Non-Occupant Co-Borrowers

For loans where there is a non-occupying co-borrower, the following parameters apply:

- Maximum 95% LTV
- Primary residence only
- Non-occupying co-borrower must not be an interested party to the transaction and sign the note and deed of trust
- Occupying borrower must demonstrate reasonable capacity and willingness to make mortgage payments. Transactions where occupying borrower(s) do not contribute qualifying income are considered investment property, except in the case where children are purchasing a primary residence for a parent who is unable to qualify or a parent purchasing a primary residence for a disabled adult child. For more information, see [section 5.13.1](#).
- The occupying borrower's DTI must meet our ratio requirements

7.11.10 Temporary Leave Income – This section has been removed. (01/12/24)

7.11.11 Employment and Income Documentation

This excerpt from our Standard Guidelines Documentation Requirements highlights our documentation requirements for employment and income. For more information, see [section 7.1](#) for a complete discussion of Origination File documentation. Our underwriters may request additional documentation to supplement the GSE's minimums to support the underwriting decision.

Employment and Income Documentation		
Documentation	DU Approve Ineligible or Loan Product Advisor Accept Ineligible	All other Manually Underwritten Loans
Employment & Income	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
IRS Form 4506-C, 8821 or 4506	Follow the GSE AUS requirements	<ul style="list-style-type: none"> • Follow Freddie Mac if Freddie Mac • Follow Fannie Mae for all others <p>Note: <i>Lender is not required to submit the signed documentation to Enact prior to certification; however, the documentation must be retained in the Origination File after it has been obtained and must match the unsigned tax returns/transcripts used for underwriting.</i></p>
Verbal VOE	Follow the GSE AUS requirements	Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive
Documentation Age	Follow the GSE AUS requirements	<ul style="list-style-type: none"> • Follow Freddie Mac if Freddie Mac • Follow Fannie Mae for all others

7.12 Manufactured Housing Requirements (01/10/25)

Manufactured housing must meet GSE standard guidelines with the following additional requirements:

Manufactured Housing Requirements	
Topic	Description
Loan Types and Loan Term	<ul style="list-style-type: none"> Fixed rate, fixed payment Positively amortizing ARMs with initial term ≥ 1 year Maximum 30 year loan term
Minimum Borrower Contribution	<ul style="list-style-type: none"> 1 unit: Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if: <ul style="list-style-type: none"> Primary, purchase, 1 unit or second home Credit score ≥ 680 and DTI $\leq 45\%$ No subordinate financing resulting in monthly payment obligations Second Home: Minimum 5% from Borrower's Own Funds.
Minimum Property Requirements	<p>Loans must meet GSE standard guidelines for manufactured housing, including but not limited to the following:</p> <ul style="list-style-type: none"> Legally classified and assessed/taxed as real property and owned in fee simple. Property and land must be financed under one mortgage Property must meet state and local building codes Must be permanently attached to a foundation that meets the manufacturer's requirements and state and local codes. Wheels, axles, and towing hitch must be removed Must have permanent water and sewage systems HUD Data Plate and HUD Certification Label requirements must meet GSE standard guidelines. The appraisal must be completed on Fannie Mae Form 1004C/Freddie Mac 70B Manufactured homes with additions or structural modifications are acceptable only if a satisfactory inspection report is provided by a licensed professional engineer or there is evidence of compliance with the local, State or federal authority. The unit must not have been previously installed or occupied at any other site or location, except from the manufacturer or the dealer's lot as a new unit <p>In addition, we require:</p> <ul style="list-style-type: none"> Fifteen acres (15) or less: land value should not exceed 35% of the property's appraised value. Outbuildings or additional structures cannot contribute more than 5% to total value.
Appraisal Considerations	<ul style="list-style-type: none"> The unit must have the general appearance and functional utility of a conventional site built home The appraisal must address local demand, marketability, and supply of manufactured housing in the area, as well as the quality of construction The unit must not be atypical for the neighborhood The appraisal report must have a minimum of two (2) manufactured home comparable sales. No comparable sales can be created by combining a land sale with a manufactured home purchase price The remaining economic life must be greater than the loan term but no less than 20 years
Underwriting Notes	<ul style="list-style-type: none"> Investment property and 2 – 4 units are ineligible Single-wide manufactured housing is limited to Primary Residences Renovation mortgages are eligible per GSE published guidelines

7.13 Two Individual Residential Dwellings on One Lot

We will review loans for underwriting that contain two (2) individual residential dwellings such as a unit above a detached garage, guest house or basement apartment if the following guidelines apply:

- Appraiser must address the impact to the value and marketability and the value must be supported
- The property and its improvements must constitute a legally permissible use of land

- The legal description must describe the property as one (1) parcel
- The property must be taxed as one (1) parcel
- No income from a second unit can be considered in the borrower qualifications
- The appraiser should provide at least one (1) comparable containing two (2) residential dwellings on one (1) lot
- Appraisers must comment and document that properties similar to the subject are typical and marketable for the area.

7.14 Acreage - This section has been removed. (01/10/22)

7.15 Renovation Mortgages (01/12/24)

Enact will insure renovation loans that provide the borrower with funds to cover the costs to renovate, remodel or repair an existing property.

- The loan must be identified as a “renovation” on the mortgage insurance Application
- The Commitment term for renovation loans is 120 days. Commitment terms exceeding 120 days are handled on a case-by-case basis.

7.15.1 Renovation Programs

We will insure GSE Renovation Mortgage programs according to published Fannie Mae Selling Guide or Freddie Mac Seller Guide guidelines and documentation, including:

- Maximum 97% LTV
- Enact's guidelines apply to each loan. For eligibility criteria not addressed in this section, such as loan amount, credit score and DTI, refer to the specific underwriting requirements for the applicable transaction type (purchase or rate/term refinance).
- The borrower may act as the contractor or provide repairs subject to GSE guidelines, e.g. Fannie Mae's “Do It Yourself” repair option

The following Enact overlay applies:

- *The borrower must be an individual; no corporations, not-for-profits, or agencies allowed*

7.15.2 Completion Escrows

Enact will insure loans with completion escrows provided the lender has the ability to escrow for the renovation and repairs. Follow Fannie Mae or Freddie Mac guidelines for the establishment and disbursement of the account funds and/or the GSE's standard guidelines for the specific renovation program. For loans underwritten by Enact, the Commitment/Certificate of Insurance issued will be conditioned for the escrowed funds and disbursement.

7.16 Energy Improvement Features (07/01/19)

Enact will insure programs that are targeted to borrowers who are financing the costs of energy improvements for an existing property according to GSE published guidelines and documentation, including:

- Maximum 97% LTV
- Enact's guidelines apply to each loan. The requirements listed above are also applicable
- Financing the improvements for a purchase or rate/term refinance transaction, calculation of LTV and cash-back limitation to the borrower
- Maximum financed energy improvements are 15% of the as-completed appraised value of the property
- An energy report prepared by one of the following is required (except when using the basic weatherization and water efficiency option);
 - A Home Energy Rating Systems (HERS) report;
 - Department of Energy (DOE) Home Energy Score report; or
 - A comparable rating report completed by an independent and certified home energy consultant or assessor if permitted under a local or state-level home energy certification or evaluation program.
- Lender management of the escrow account and monitoring the completion of the work within 180 days of loan closing
- Documentation of the completion of the work by the appraiser

7.17 Refinance Transactions (01/10/25)

7.17.1 Rate/Term Refinances (Fannie Mae's Limited Cash-Out and Freddie Mac's No Cash-out)

The mortgage amount for a rate/term refinance may include:

- Payoff of unpaid principal balance of the existing first mortgage, or an eligible loan obligation used to finance energy improvements, e.g., a PACE or PACE-like obligation
- Payoff or paydown of the outstanding principal balance of subordinate liens securing the property that were used in whole to acquire the subject property
- Paying of closing costs, financing costs, points, prepaids, and
- Other funds for the borrower's use not to exceed 2% of the principal amount of the new loan amount or \$2,000, whichever is less

For Freddie Mac's No Cash-Out Refinance Guidelines, in addition to the above, the following applies for cash back to the borrower:

- Other funds for the borrower's use not to exceed the greater of 1% of the principal amount of the new loan or \$2,000.

The following rules apply:

- Follow Fannie Mae's guidelines when Fannie Mae is the investor or the Fannie Mae Selling Guide is your standard guideline set;
- Follow Freddie Mac's guidelines when Freddie Mac is the investor or the Freddie Mac Seller Guide is your standard guideline set, or
- Follow the least restrictive of the agencies guidelines for all other situations

"Buyouts" and "special purpose cash-out refinance mortgages" are treated as rate/term refinance transactions provided the GSE conditions are met.

GSE renovation programs may have different requirements for amounts included in the rate/term refinance. For more information, see [section 7.15, Renovation Mortgages](#).

7.17.1.1 Non-Agency or Portfolio Rate/Term Refinance Transactions

For all non-agency or lender portfolio transactions not adhering to the agency refinance definitions in the section above, Enact allows a different treatment of the payoff of subordinate liens for determining the refinance type.

A non-agency or portfolio refinance transaction may be treated as a rate/term refinance if it:

- Meets agencies' definition for payoff of the unpaid principal balance, closing costs, financing costs, points, prepaids, and funds for the borrower's use and,
- Payoff of outstanding subordinate mortgage liens securing the subject property that have twelve (12) months' seasoning
 - Where the subordinate lien is a Home Equity Line of Credit, total draws within the last 12 months cannot exceed \$2,000. Origination File must maintain evidence of the total draws in the past 12 months.

Exceptions to the seasoning requirement are permitted when:

- The subordinate lien was originated as a purchase money second, with the first and second recorded simultaneously
- The subordinate lien was used in its entirety for documented home improvements

7.17.1.2 Appraisal Requirements for Non-Agency or Portfolio Rate/Term Refinance Transactions

- The appraisal report from the original transaction is acceptable when the effective date of the report is less than 120 days prior to the Application Date of the subsequent transaction.
- An Appraisal Update and/or Completion Report (Form 1004D/442) is allowed if the appraisal report from the original transaction meets all of the following requirements:
 - The effective date of the original appraisal report is more than 120 days prior to the Application Date of the subsequent transaction; and
 - The effective date of the original appraisal report must not be greater than 18 months prior to the Application Date of the subsequent transaction
- For all other rate/term refinance transactions, a full URAR with an Interior/Exterior evaluation is required.

7.17.2 Cash-out Refinance Guidelines

The mortgage amount for a cash-out refinance may include:

- Payoff of unpaid principal balance of the existing first mortgage,
- Payoff of the outstanding principal balance of subordinate liens securing the property that were not used in whole to acquire the subject property,
- Paying of closing costs, financing costs, points, prepaids, and
- Other funds for the borrower's use

The maximum cash back to Borrower may not exceed the following:

- 1 – unit Primary Residence - \$250,000
- Second Home - \$250,000

Funds that may be included when calculating maximum cash back to Borrower

- Payoff of the outstanding principal balance of subordinate liens securing the property that were not used in whole to acquire the subject property
- Payoff of Revolving, Installment or Other Debt
- Other funds for the borrower's use

Funds that may not be included when calculating the maximum cash back to Borrower

- Payoff of unpaid principal balance of the existing first mortgage,
- Payoff of outstanding balance of subordinate liens securing the property that were used in whole to acquire the subject property,
- Payoff of closing costs, financing costs, points and prepaids

Cash-Out Refinance Guidelines	
Topic	Description
Seasoning Requirement	Follow GSE standard underwriting guidelines
LTV Determination	The current appraisal value is used to determine LTV
Subordinate Financing	Borrower may pay off subordinate financing in a cash-out refinance transaction. Borrowers may not re-subordinate liens in a cash-out transaction.
Loan Type	<ul style="list-style-type: none"> • Fixed rate/fixed payment • Fully amortizing ARMs with initial term \geq 1 year
Property Types	<ul style="list-style-type: none"> • Single family, detached and attached • Condominiums • Cooperatives
Ineligible	Temporary buydowns, balloons, manufactured housing, 2 – 4 units, construction-to-permanent.

7.17.3 GSEs' Delayed Financing Exception

We will insure cash-out refinances that meet the GSEs' delayed refinancing exception guidelines subject to all other Enact cash-out refinance guidelines.

8 Product Guidelines

8.1 Fannie Mae RefiNow and Freddie Mac Refi Possible Programs (09/18/21)

Enact will insure loans underwritten to Fannie Mae's RefiNow and Freddie Mac's Refi Possible program requirements. Loans submitted under these programs will be considered new refinance transactions.

8.1.1 This section has been removed. (09/18/2021)