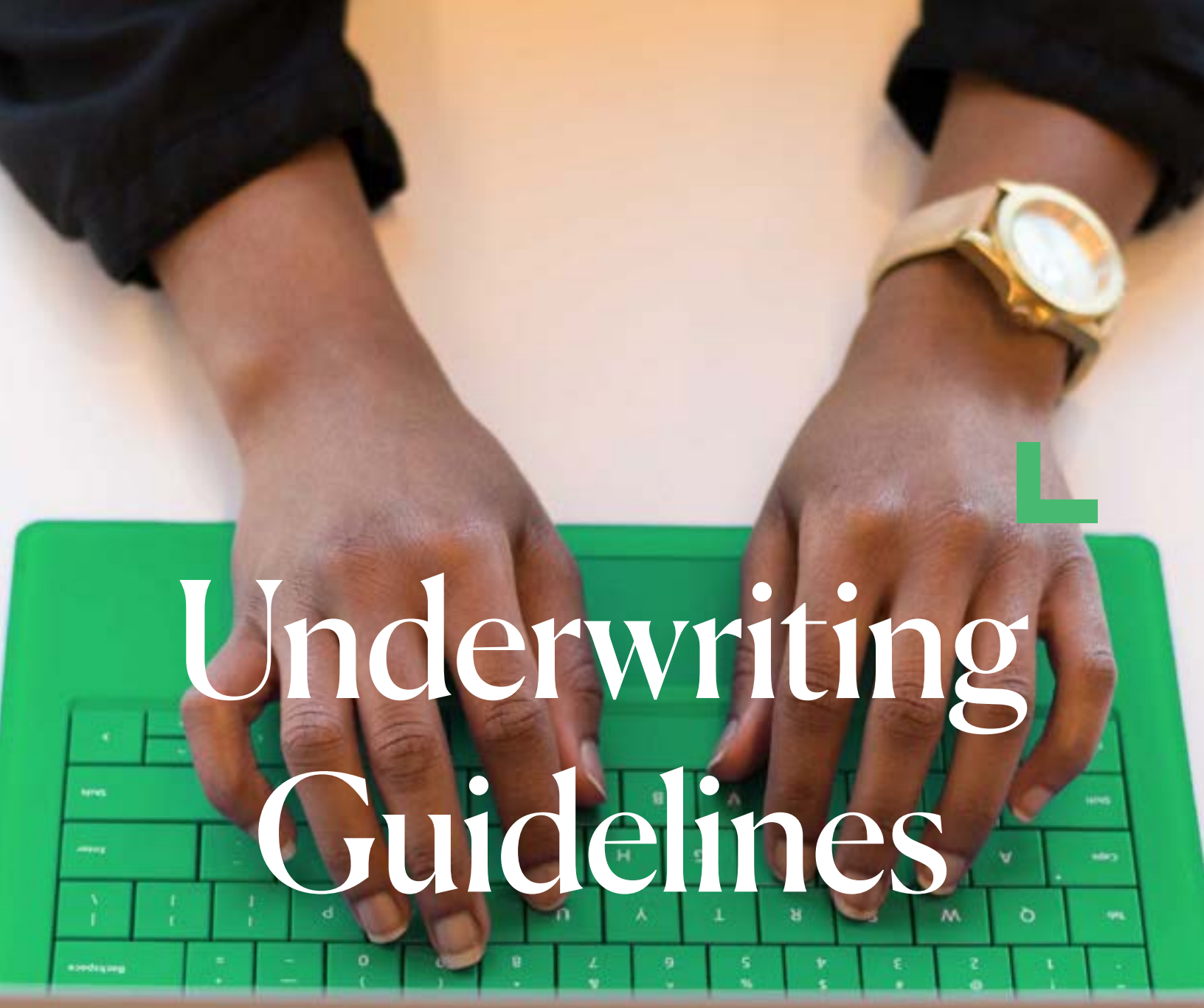

# Underwriting Guidelines

Enact Mortgage Insurance underwritten by:
Genworth Mortgage Insurance Corporation

September 18, 2021

NOTE: This document refers to Genworth's principal insurance companies, Genworth Mortgage Insurance Corporation and Genworth Mortgage Insurance Corporation of North Carolina, as Enact. Mortgage Insurance will continue to be underwritten using the Genworth name until our legal entity name change to Enact has been approved.

www.EnactMI.com

Enact Mortgage Insurance underwriters include: Genworth Mortgage Insurance Corporation and Genworth Mortgage Insurance Corporation of North Carolina
©2021 Genworth Mortgage Insurance Corporation. All rights reserved.

Enact℠

## ENACT UNDERWRITING GUIDELINE CHANGES AND CLARIFICATIONS

The following guideline changes and clarifications will be effective for MI Applications received on or after September 18, 2021 unless otherwise specified. The Underwriting Guidelines with complete details will be updated and available on our website, EnactMI.com on September 18, 2021.

| Enact Underwriting Guideline Changes and Clarifications | | | |
|---|---|---|---|
| **Topic** | **Section** | **Old Guideline** | **New Guidelines** |
| **2 – 4 Unit Properties** | 4.1, 4.2 | **Simply Underwrite Guidelines:** The maximum LTV for 2 – 4 unit properties is 85% | **Simply Underwrite Guidelines:** Updating guidelines to allow maximum LTV of 95% for 2 – 4 unit properties |
| **Credit Scores** | 4.1, 4.2 | **Simply Underwrite Guidelines:** Minimum 620 Credit Score | **Simply Underwrite Guidelines:**<br>• For loans with multiple borrowers, allowing a minimum representative credit score of 600 for Primary Residence, Purchase, Rate/Term Refinance transactions only<br>• The minimum representative credit score for Second Homes and Investment Properties will remain at 620<br>• These changes will **not** apply to Standard Guidelines |
| **Fannie Mae's High LTV Refinance and Freddie Mac's Enhanced Relief Mortgage Loans** | 8.1.1 | **Simply Underwrite and Standard Guidelines:** Genworth will insure Fannie Mae's High LTV and Freddie Mac's Enhanced Relief Refinance Programs | **Simply Underwrite and Standard Guidelines:** Removed references to Fannie Mae's High LTV Refinance and Freddie Mac's Enhanced Relief Mortgage Programs as the GSEs have paused these programs |
| **Fannie Mae's RefiNow and Freddie Mac's Refi Possible Refinance Programs** | 8.0 | **Simply Underwrite and Standard Guidelines:** Not addressed | **Simply Underwrite and Standard Guidelines:** Adding references to RefiNow and Refi Possible |
| **Maximum Enact Insured Properties** | 5.10 | **Simply Underwrite and Standard Guidelines:** Enact will insure a maximum of two properties per borrower; restricted by no more than one second home or one investment property per borrower. | **Simply Underwrite and Standard Guidelines:** Enact reserves the right to limit new insurance to borrowers with multiple existing loans insured by Enact. Enact will monitor for borrower concentrations internally. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## TABLE OF CONTENTS


**1 USING THE MANUAL ..... 5**
**1.1 Sequence ..... 5**
**1.2 Navigation Features ..... 5**
**1.3 Notes, Footnotes and Overlays ..... 5**

**2 FREQUENTLY USED TERMS ..... 6**

**3 INTRODUCTION ..... 7**
**3.1 Fair Lending ..... 7**
**3.2 Homeowners Protection Act ..... 7**
**3.3 Compliance with Law ..... 7**
**3.4 Simply Underwrite® (03/01/20) ..... 7**
**3.5 Standard Guidelines ..... 7**
**3.6 Affordable Housing and Housing Finance Agency Programs ..... 8**
**3.7 Portfolio Dispersion ..... 8**

**4 ELIGIBILITY MATRICES ..... 9**
**4.1 Simply Underwrite Eligibility (09/18/21) ..... 9**
**4.2 Simply Underwrite Affordable Housing / HFA Eligibility (09/18/21) ..... 12**
**4.3 Standard Guidelines Eligibility (12/12/20) ..... 16**
**4.4 Standard Guidelines for Loan Amounts > $822,375 Eligibility - Single Family Properties (12/12/20) ..... 20**
**4.5 Standard Guidelines Affordable Housing / HFA Program Eligibility (12/20/20) ..... 24**
**4.6 This section has been removed. (12/16/19) ..... 28**
**4.7 Standard Guidelines Construction-to-Permanent Eligibility (12/12/20) ..... 29**
**4.8 Professional Program (12/12/20) ..... 32**
**4.9 This section has been removed. (08/30/20) ..... 33**

**5 ALL LOANS ..... 34**
**5.1 Commitment/Certificate of Insurance Terms, Conditions, Extensions, Reinstatements (07/01/19) ..... 34**
5.1.1 Commitment Terms ..... 34
5.1.2 Underwriting Conditions ..... 34
5.1.3 Commitment Extensions ..... 34
5.1.4 Commitment Reinstatements ..... 34
**5.2 Changes Prior to Certification: Requiring Prior Approval ..... 34**
**5.3 Changes Prior to Certification: Not Requiring Prior Approval ..... 35**
**5.4 Modifications ..... 35**
**5.5 Closed Loans (04/01/21) ..... 35**
**5.6 Pre-Approvals ..... 35**
**5.7 Certificate Activation ..... 35**
5.7.1 Zero Monthly Commitments ..... 35
5.7.2 All Other Premium Plans (Annual, Monthly, Single Premium, Split Premium): ..... 36
5.7.3 Construction-to-Permanent Loan Activation Options ..... 36
**5.8 Ineligible Loan Features (09/18/21) ..... 36**
5.8.1 Loan Features or Programs Requiring an Enact Underwrite ..... 37
**5.9 Borrower Eligibility (03/04/19) ..... 38**
5.9.1 Non-Permanent Resident Aliens ..... 38
5.9.2 Permanent Resident Aliens ..... 38
5.9.3 Inter Vivos Revocable Trusts ..... 38
**5.10 Maximum Enact Insured Properties (09/18/21) ..... 38**
**5.11 Previously Paid Claim ..... 39**
**5.12 Qualifying Ratios (07/01/19) ..... 39**
5.12.1 Debt-to-Income Ratio (DTI) ..... 39
5.12.2 Housing Expense to Income Ratio (HDI) ..... 39
**5.13 Occupancy Eligibility (08/30/20) ..... 39**
5.13.1 Primary Residence ..... 39
5.13.2 Second Homes ..... 40
5.13.3 Investment Properties ..... 40
**5.14 LTV/CLTV/GLTV/TLTV (12/12/20) ..... 40**
5.14.1 Maximum CLTV ..... 41
5.14.2 Types of Subordinate Financing ..... 41
**5.15 Refinance Transactions (08/30/20) ..... 41**
5.15.1 Rate/Term Refinances (Fannie Mae's Limited Cash-Out and Freddie Mac's No Cash-out) ..... 41


 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

5.15.2 Cash-out Refinance Guidelines ..... 42
5.15.3 Fannie Mae's Delayed Financing Exception ..... 42
**5.16 Eligible Loan Types (08/30/20) ..... 42**
5.16.1 Fixed Rate/Fixed Payment ..... 42
5.16.2 Adjustable Rate Mortgages (ARMs) ..... 42
5.16.3 ARM Index ..... 43
5.16.4 Five Year Fixed Period ARM ..... 43
5.16.5 Lifetime Caps on ARM Loans ..... 43
5.16.6 Minimum Initial Fixed Period ..... 43
5.16.7 Per Adjustment Caps on ARM Loans ..... 43
5.16.8 Qualifying Rate on ARMs ..... 43
**5.17 Temporary Buydowns (12/12/20) ..... 43**
**5.18 Guidelines for Property and Appraisals (07/01/19) ..... 43**
5.18.1 Ownership ..... 43
5.18.2 Eligible Property Types ..... 43
5.18.3 Energy-Efficient Properties ..... 44
5.18.4 Mixed Use Properties ..... 44
5.18.5 Non-Residential Properties ..... 44
5.18.6 Ineligible Properties ..... 44
5.18.7 Community Land Trusts and Deed/Resale Restrictions ..... 44
**5.19 Detached PUDs and Detached Condominiums ..... 44**
5.19.1 Detached PUDs ..... 44
5.19.2 Detached (Site) Condominiums ..... 44
**5.20 Project Acceptance ..... 45**
**5.21 Project Concentration ..... 45**
**5.22 Attached PUDs and Attached Condominiums Guidelines (06/25/18) ..... 45**
5.22.1 Attached PUD Unit ..... 45
5.22.2 Attached Condominiums ..... 45
5.22.3 Condominium Project Review Types ..... 45
**5.23 Attached Condominium Eligibility Requirements ..... 45**
5.23.1 Leasehold Condominiums ..... 46
**5.24 Cooperative Units Eligibility Requirements (12/12/20) ..... 46**
5.24.1 This section has been removed (03/01/20) ..... 46
5.24.2 Co-op Project Eligibility Requirements ..... 46
**5.25 Declining Property Values and Geographic Guidelines ..... 47**
**5.26 Non-Arm's Length Transactions ..... 47**
**5.27 Property Flipping ..... 47**
**5.28 Disaster Policy (08/30/20) ..... 48**
**5.29 Appraisal Documentation and Age (08/30/20) ..... 48**
**5.30 Builder/Seller Contributions ..... 48**
**5.31 Relocation Loans (08/05/19) ..... 49**
5.31.1 Employer Relocation Programs ..... 49

**6 SIMPLY UNDERWRITE ..... 50**
**6.1 Simply Underwrite (08/05/19) ..... 50**
6.1.1 GSE AUS Recommendations and Risk Classifications for Simply Underwrite ..... 50
**6.2 GSE AUS Underwriting Obligations (09/18/21) ..... 50**
6.2.1 DU Underwriting Findings Report and Loan Product Advisor Feedback Certificate ..... 50
6.2.2 DU and Loan Product Advisor Data Accuracy ..... 51
6.2.3 Overlays ..... 51
6.2.4 Eligibility Exclusions ..... 51

**7 STANDARD GUIDELINES ..... 52**
**7.1 Standard Guidelines Documentation Requirements (09/18/21) ..... 52**
**7.2 Standard Guidelines Documentation (04/01/21) ..... 52**
7.2.1 LTV 95.01 – 97% ..... 54
7.2.2 LTV/CLTV/GLTV/TLTV - This section has been removed. (12/16/19) ..... 54
**7.3 Balloon/Call Options (12/12/20) ..... 54**
**7.4 Credit Underwriting ..... 54**
**7.5 Credit History: Using Credit Scores ..... 54**
**7.6 Credit Underwriting: Using Nontraditional Credit (08/30/20) ..... 57**
**7.7 Collections, Judgments or Liens (07/01/19) ..... 57**
**7.8 Consumer Credit Counseling ..... 57**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**7.9 Pending Lawsuits ..... 57**
**7.10 Assets and Liabilities (04/01/21) ..... 57**
7.10.1 Eligible Sources of Funds ..... 57
7.10.2 Repayment of Debts ..... 58
7.10.3 Borrower's Minimum Contribution and Reserves ..... 59
7.10.4 Pooled Savings as Debt ..... 59
7.10.5 Asset Documentation ..... 59
**7.11 Employment and Income (04/01/21) ..... 59**
7.11.1 Self-employed Income ..... 60
7.11.2 Salaried or Other Income ..... 60
7.11.3 New Employment Income, Compensation Increases and Employment Contracts ..... 60
7.11.4 Employment Gap ..... 60
7.11.5 Foreign Income ..... 60
7.11.6 Deferred Income ..... 60
7.11.7 Education Benefits ..... 60
7.11.8 Trailing Co-Borrower Income ..... 61
7.11.9 Non-Occupant Co-Borrowers ..... 61
7.11.10 Temporary Leave Income ..... 61
7.11.11 Employment and Income Documentation ..... 61
**7.12 Manufactured Housing Requirements (08/30/20) ..... 62**
**7.13 Two Individual Residential Dwellings on One Lot ..... 63**
**7.14 Acreage (12/12/20) ..... 63**
**7.15 Renovation Mortgages (03/01/20) ..... 64**
7.15.1 Renovation Programs ..... 64
**7.16 Energy Improvement Features (07/01/19) ..... 64**
**7.17 Completion Escrows ..... 64**

**8 PRODUCT GUIDELINES ..... 65**
**8.1 Fannie Mae RefiNow and Freddie Mac Refi Possible Programs (09/18/21) ..... 65**
8.1.1 This section has been removed. (09/18/2021) ..... 65

**9 GLOSSARY ..... 66**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 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



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 2 Frequently Used Terms

| Frequently Used Terms | |
|---|---|
| **Term** | **Definition** |
| **Collateral Underwriter®** | Registered trademarks of Fannie Mae. |
| **CU®** | |
| **Desktop Underwriter®** | |
| **DU®** | |
| **HomeReady®** | |
| **HomePath® Properties** | |
| **Community Seconds®** | |
| **MH Advantage™** | |
| **HFA Preferred™** | |
| **Fannie Mae RefiNow™** | |
| **Loan Product Advisor®** | Registered trademarks of Freddie Mac. |
| **Home Possible®** | |
| **HFA Advantage®** | |
| **Affordable Seconds®** | |
| **Freddie Mac Refi Possible℠ Mortgage** | |
| **Condo Project Advisor℠** | |

| FHFA Maximum Loan Amounts for 2021 | | |
|---|---|---|
| **Units** | **Contiguous States, District of Columbia and Puerto Rico** | **Alaska, Guam, Hawaii, and the U.S. Virgin Island** |
| **1** | $548,250 | $822,375 |
| **2** | $702,000 | $1,053,000 |
| **3** | $848,500 | $1,272,750 |
| **4** | $1,054,500 | $1,581,750 |
| **FHFA Maximum Loan Amounts for High-Cost Areas for 2021** | | |
| **1** | $822,375 | Not Applicable |
| **2** | $1,053,000 | |
| **3** | $1,272,750 | |
| **4** | $1,581,750 | |

**Notes:**

- *For Enact Mortgage Insurance LTV/Loan Limits, see section 4, Eligibility Matrices.*
- *Enact does not insure properties in Guam, Puerto Rico and Virgin Islands, see section 5.25*



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 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 6.1, Simply Underwrite.

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.

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

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 4.1,*and* 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.



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 4 Eligibility Matrices

## 4.1 Simply Underwrite Eligibility (09/18/21)

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[1]** | | | | |
| **Property Type** | **Maximum LTV/CLTV** | **Maximum Loan Amount** | **Minimum Credit Score** | **Maximum DTI[2]** |
| Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing[3] | 97% | Agency Base Conforming | 600[4] | 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[1]** | | | | |
| 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%/NA | FHFA High Cost | 620 | Per DU & Loan Product Advisor |
| [1] Construction-to-Permanent is ineligible for property types other than Single family (detached) or Manufactured Housing.<br>[2] Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.<br>[3] Manufactured Housing is eligible to a maximum LTV of 97% for MH Advantage loans.<br>[4] A minimum credit score of 600 is eligible for loans with the following characteristics: Primary Residence, Purchase, Rate/Term Refinance transactions with multiple borrowers | | | | |
| **Description** | In addition to Approve/Eligible and Accept/Eligible loans, the following may be eligible for Simply Underwrite:<br>• Approve/Ineligible for HomePath® Property<br>• GSE published Renovation Mortgage Programs and cooperative share mortgages are eligible for Simply Underwrite.<br>• HomeReady and Home Possible are eligible for Simply Underwrite. For more information, see section 4.2. | | | |
| **Documentation** | • Follow the documentation required by DU & Loan Product Advisor.<br>• Additional documentation may be warranted to support the underwriting decision, per Fannie Mae and Freddie Mac guidance. | | | |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Simply Underwrite Program Requirements | |
|---|---|
| **Minimum Borrower Contribution** | • As determined by DU & Loan Product Advisor.<br>• 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.<br>• Sweat Equity is permitted for one-unit properties with a minimum 5% down payment. The borrower must contribute at least 3% of their own funds (2% sweat equity). The maximum LTV is 95% for HomeReady and Home Possible loans. *(Enact overlay for Home Possible loans)* |
| **Subordinate Financing** | Follow DU CLTV/HCLTV or Loan Product Advisor TLTV/HTLTV calculations and maximums.<br>**Note**: *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. |
| **Reserves** | As determined by DU & Loan Product Advisor. |
| **Loan Type** | As determined by DU & Loan Product Advisor. |
| **Nontraditional Credit** | • Loans with nontraditional credit will be allowed under the Simply Underwrite Guidelines.<br>• Loans may be submitted on a delegated or non-delegated basis. Lenders must follow GSE standard guidelines for documenting a nontraditional credit history.<br>• Loans not receiving a DU Approve/Eligible recommendation or Loan Product Advisor Accept/Eligible risk classification must be manually underwritten according to the guidelines for nontraditional credit. For more information, see section 7.6. |
| **Attached PUD, Attached Condominium and Cooperative Projects** | • 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.<br>• Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements.<br>• Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines.<br>• Cooperative projects must be located in Fannie Mae's designated markets. See section 5.24.<br>**Note:** *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. 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.* |
| **Acreage** | • As determined by DU & Loan Product Advisor.<br>• There is no maximum acreage requirement under Simply Underwrite Guidelines. |
| **Eligibility Exclusions** | • Lender-negotiated guideline variances, waivers or programs unless approved by Enact. |
| **Other Underwriting Requirements** | • Follow Simply Underwrite section 6.1.<br>• See section 4.7 for Construction-to-Permanent Activation instructions<br>• Enact does not insure the following: Properties located in Guam, Puerto Rico and the Virgin Islands<br>• Appraisal waivers are eligible when offered by DU or LPA for rate/term refinance transactions receiving a DU Approve/Eligible or LPA Accept/Eligible recommendation and loans meeting Fannie Mae's Rural High-Needs Appraisal Waiver requirements |
| **Note** | • *References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits.*<br>• *The FHFA Maximum Loan Amounts can be found in the Frequently Used Terms section* |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

This page is intentionally blank.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 4.2 Simply Underwrite Affordable Housing / HFA Eligibility (09/18/21)

| Affordable Housing / HFA Simply Underwrite Program Requirements | | | | |
|---|---|---|---|---|
| **Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent[1]** | | | | |
| **Property Type** | **Maximum LTV/CLTV** | **Maximum Loan Amount** | **Minimum Credit Score** | **Maximum DTI[2]** |
| Single family (detached & attached), Condominiums, Cooperatives, Manufactured Housing[3] | 97%/105% | Agency Base Conforming | 600[4] | 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] Construction-to-Permanent is ineligible for property types other than Single family (detached) or Manufactured Housing.
[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] Manufactured Housing is eligible to a maximum LTV of 97% for MH Advantage loans.
[4] A minimum credit score of 600 is eligible for loans with the following characteristics: Primary Residence, Purchase, Rate/Term Refinance transactions with multiple borrowers

| | |
|---|---|
| **Description** | The following may be eligible for Simply Underwrite for HFAs:<br>**Desktop Underwriter: HFA Preferred or HomeReady:**<br>• DU Approve/Eligible<br>• DU Approve/Ineligible for HomePath Properties with Interested Party Contributions (IPC) exceeding standard limits (Maximum 6% IPC).<br>• Loan must be processed in DU as either HFA Preferred or HomeReady according to Fannie Mae's directions.<br>• 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.<br>**GSE published:**<br>• Renovation Mortgages and cooperative share mortgages are eligible for Simply Underwrite for HFAs.<br>**Loan Product Advisor: Home Possible or HFA Advantage Mortgages:**<br>• Loan Product Advisor Accept, Eligible<br>• Loan must be processed in Loan Product Advisor with the applicable Home Possible or HFA Advantage Mortgage offering identifiers.<br>• Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines and Exclusions from Simply Underwrite found in this chart. |
| **Documentation** | • Follow the documentation required by DU and Loan Product Advisor.<br>• Additional documentation may be warranted to support the underwriting decision, per Fannie Mae and Freddie Mac guidance. |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Affordable Housing / HFA Simply Underwrite Program Requirements | |
|---|---|
| **Minimum Borrower Contribution** | • As determined by DU & Loan Product Advisor.<br>• 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.<br>• Sweat Equity is permitted for one-unit properties with a minimum 5% down payment. The borrower must contribute at least 3% of their own funds (2% sweat equity). The maximum LTV is 95% for HomeReady and Home Possible loans. *(Enact overlay for Home Possible loans)* |
| **Subordinate Financing** | Follow DU CLTV/HCLTV or Loan Product Advisor TLTV/HTLTV calculations and maximums.<br>**Note***: 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. |
| **Reserves** | As determined by DU & Loan Product Advisor |
| **Loan Type** | As determined by DU & Loan Product Advisor |
| **Nontraditional Credit** | • Loans with nontraditional credit will be allowed under the Simply Underwrite Guidelines.<br>• Loans may be submitted on a delegated or non-delegated basis. Lenders must follow GSE standard guidelines for documenting a nontraditional credit history.<br>• Loans not receiving a DU Approve/Eligible recommendation or Loan Product Advisor Accept/Eligible risk classification must be manually underwritten according to the guidelines for nontraditional credit. For more information, see section 7.6. |
| **Attached PUD, Attached Condominium and Cooperative Projects** | • 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.<br>• Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements.<br>• Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines.<br>• Cooperative projects must be located in Fannie Mae's designated markets. See section 5.24.<br>**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.* |
| **Acreage** | • As determined by DU & Loan Product Advisor<br>• There is no maximum acreage requirement under Simply Underwrite Guidelines |
| **Eligibility Exclusions** | • Lender-negotiated guideline variances, waivers or programs unless approved by Enact |
| **Other Underwriting Requirements** | • Follow section 6.1.<br>• See section 4.7 for Construction-to-Permanent Activation instructions<br>• Enact does not insure the following: Properties located in Guam, Puerto Rico and the Virgin Islands<br>• Appraisal waivers are eligible when offered by DU or LPA for rate/term refinance transactions receiving a DU Approve/Eligible or LPA Accept/Eligible recommendation and loans meeting Fannie Mae's Rural High-Needs Appraisal Waiver requirements |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Affordable Housing / HFA Simply Underwrite Program Requirements | |
|---|---|
| **Note** | • *References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits.*<br>• The FHFA Maximum Loan Amounts can be found in the *Frequently Used Terms* section |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

This page is intentionally blank.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 4.3 Standard Guidelines Eligibility (12/12/20)

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% | $822,375 | 620 | 50% |
| Manufactured Housing | 95% | $548,250 | 620 | 50% |
| 2 units | 95% | $702,000 | 620 | 50% |
| 3 units | 95% | $848,500 | 700 | 45% |
| 4 units | 95% | $1,054,500 | 700 | 45% |
| **Primary Residence - Cash-Out Refinance** | | | | |
| Single family (detached & attached), Condominiums, Cooperatives | 90%/NA | $548,250 | 700 | 45% |
| | 85%/NA | $548,250 | 620 | 50% |
| | 85%/NA | $822,375 | 720 | 45% |
| | Maximum cash-out amount: $250,000 | | | |
| **Second Home - Purchase, Rate/Term Refinance & Construction-to-Permanent[2]** | | | | |
| Single family (detached & attached), Condominiums, Cooperatives | 90% | $548,250 | 620 | 50% |
| | 90% | $822,375 | 700 | 45% |
| Manufactured Housing | 90% | $548,250 | 620 | 50% |
| **Second Home - Cash-Out Refinance** | | | | |
| Single family (detached & attached), Condominiums, Cooperatives | 85%/NA | $822,375 | 740 | 45% |
| | Maximum cash-out amount: $250,000 | | | |
| **Investment Property – Purchase & Rate/Term Refinance** | | | | |
| Single family (detached & attached), Condominiums | 85%/NA | $822,375 | 700 | 45% |

[1] Maximum loan amounts in AK & HI are $822,375 for 1 unit and $1,054,500 for 2 – 4 units.

[2] Construction-to-Permanent is ineligible for property types other than Single family (detached) or Manufactured Housing. For more information, see section 4.7.

[3] Enact utilizes the DTI excluding the mortgage insurance for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

| | |
|---|---|
| **Description** | Standard Guidelines apply to loans that do not meet Simply Underwrite eligibility requirements. For more information, see section 6. |

Enact Mortgage Insurance Underwriting Guidelines September 18, 2021 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**Continued on next page**

<table>
<tr><th colspan="2">Standard Guidelines Program Requirements</th></tr>
<tr><td>Documentation</td><td>Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification:<ul><li>May follow the respective AUS documentation requirements for employment, income and assets.</li><li>All other parameters of Enact Standard Guidelines must be met, including but not limited to, requirements regarding LTV, credit score, DTI, reserves, tradelines, borrower own funds, etc.</li></ul>All other loans must follow full documentation for credit, income, employment, and assets.</td></tr>
<tr><td>Appraisal</td><td>Full URAR, with interior and exterior review, and all applicable addenda.</td></tr>
<tr><td>Minimum Borrower Contribution</td><td>Minimum 3% from Borrower’s Own Funds. 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><li>Primary, purchase, 1 unit or second home</li><li>Credit score ≥ 680 and DTI ≤ 45%</li><li>No subordinate financing resulting in monthly payment obligations</li></ul>
<table>
<tr><th colspan="2">Occupancy</th><th>Minimum Borrower Contribution</th></tr>
<tr><td>Primary Residence: 1 unit, Purchase</td><td>≤ $822,375</td><td>3%</td></tr>
<tr><td colspan="2">Primary Residence: 2 - 4 units</td><td>5%</td></tr>
<tr><td colspan="2">Second Home</td><td>5%<br>Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.</td></tr>
<tr><td colspan="2">Investment</td><td>15%</td></tr>
</table></td></tr>
<tr><td>Subordinate Financing</td><td>Subordinate financing is not eligible with Cash-Out Refinances and Investment Property.<br>Note: 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.</td></tr>
<tr><td>Reserves</td><td>For information, see section 7.10.3.</td></tr>
<tr><td>Loan Type</td><td><ul><li>Fixed rate/fixed payment</li><li>Fully amortizing ARMs with an initial term ≥ 1 year</li><li>Balloons, with an initial term ≥ 5 years<ul><li>Ineligible: Cash-out Refinances, Investment property, Manufactured Housing</li></ul></li><li>Temporary buydowns<ul><li>Ineligible: Cash-out Refinances, Investment property, Manufactured Housing</li></ul></li></ul></td></tr>
<tr><td>Property Type</td><td><ul><li>Single family (detached and attached): Includes detached (site) condominiums</li><li>Manufactured Housing: See section 7.12 for complete details.</li><li>Enact will insure properties up to 40 acres. For more information, see section 7.14, Acreage</li></ul></td></tr>
</table>

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Standard Guidelines Program Requirements | |
|---|---|
| **Attached PUD, Attached Condominium and Cooperative Projects** | • 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.<br>• Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements.<br>• Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines.<br>• Cooperative projects must be located in Fannie Mae's designated markets, see section 5.24.<br>**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.* |
| **Construction-to-Permanent** | See section 4.7 for guidelines. |
| **Valid Credit Score** | • Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months.<br>  • Credit references may be a combination of tradelines, traditional or nontraditional credit.<br>• At least one borrower on the loan must have a valid credit score<br>• For more information, see section 7.5. |
| **Nontraditional Credit** | • Nontraditional credit must be underwritten by Enact.<br>• Lenders must follow GSE standard guidelines for documenting a nontraditional credit history.<br>• Loans not receiving a DU Approve/Eligible recommendation or Loan Product Advisor Accept/Eligible risk classification must be manually underwritten to our Standard Guidelines in section 7.6**.** |
| **Underwriting Notes** | • Some products may have different LTV/loan amount limits. Refer to the product descriptions for possible exceptions<br>• Loans must meet all other Enact Standard Guidelines |
| **Note** | *References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits.* |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

This page is intentionally blank.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 4.4 Standard Guidelines for Loan Amounts > $822,375 Eligibility - Single Family Properties (12/12/20)

| Standard Guidelines for Loan Amounts > $822,375 Program Requirements | | | | |
|---|---|---|---|---|
| **Primary Residence – Purchase and Rate/Term Refinance** | | | | |
| **Property Type** | **Maximum LTV/CLTV** | **Maximum Loan Amount[1]** | **Minimum Credit Score** | **Maximum DTI[2]** |
| Single family (detached & attached), Condominiums, Cooperatives | 95% | $1,000,000 | 680 | 43% |
| | 90%/NA | $1,500,000 | 720 | 43% |
| | 85%/NA | $2,000,000 | 740 | 43% |
| Construction-to-Permanent (Single Family detached) | 90% | $1,000,000 | 680 | 43% |
| **Primary Residence – Cash-Out Refinance** | | | | |
| Single family (detached & attached), Condominiums, Cooperatives | 85%/NA | $1,000,000 | 740 | 43% |
| | Maximum cash-out amount: $250,000 | | | |
| **Second Home – Purchase and Rate/Term Refinance** | | | | |
| Single family (detached & attached), Condominiums, Cooperatives | 90%/NA | $1,000,000 | 720 | 43% |

[1] Loan amounts > $1,000,000 require an Enact underwrite.

[2] Enact utilizes the DTI excluding the mortgage insurance for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

| Standard Guidelines for Loan Amounts > $822,375 Program Requirements | |
|---|---|
| **Description** | Guidelines are applicable to manually underwritten non-GSE jumbo loan amounts. |
| **Documentation** | • See section 7.1 for documentation requirements<br>• See section 5.15.2 for Cash-Out Eligibility requirements |
| **Appraisal** | Full URAR, with interior and exterior review, and all applicable addenda:<br>• Loan amounts > $1,000,000<br>  • 2 Full URARs, or<br>  • 1 Full URAR **and** a Field Review (Form 2000/Form 1032) |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

<table>
<tr><th colspan="2">Standard Guidelines for Loan Amounts > $822,375 Program Requirements</th></tr>
<tr><td>Minimum Borrower Contribution</td><td>Minimum 3% from Borrower's Own Funds. 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><li>Primary, purchase, 1 unit or second home</li><li>Credit score ≥ 680 and DTI ≤ 45%</li><li>No subordinate financing resulting in monthly payment obligations</li></ul>
<table>
<tr><th>Occupancy/Loan Amount</th><th>Minimum Borrower Contribution</th></tr>
<tr><td>Primary Residence, 1-Unit, Purchase</td><td></td></tr>
<tr><td>• Loan amount ≤ $1,000,000</td><td>3%</td></tr>
<tr><td>• Loan amount > $1,000,000</td><td>10%</td></tr>
<tr><td>Second Home</td><td>5%<br>Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.</td></tr>
</table>
Note: Minimum borrower contribution varies by occupancy and loan amount. For more information on minimum borrower contribution, see section 7.10.3</td></tr>
<tr><td>Subordinate Financing</td><td>Subordinate financing is not eligible with loan amounts > $1,000,000, Cash-Out Refinances and Second Homes</td></tr>
<tr><td>Reserves</td><td>For information, see section 7.10.3.</td></tr>
<tr><td>Loan Type</td><td><ul><li>Fixed rate/fixed payment</li><li>Fully amortizing ARMs as follows:<ul><li>Loan amounts ≤ $1,000,000 - ARMs with initial term ≥ 1 year</li><li>Loan amounts > $1,000,000 - ARMs with initial term ≥ 3 years</li></ul></li><li>Ineligible: Temporary buydowns, balloons</li></ul></td></tr>
<tr><td>Property Type</td><td>Single family (detached and attached): Includes detached (site) condominiums</td></tr>
<tr><td>Attached PUD, Attached Condominium and Cooperative Projects</td><td><ul><li>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.</li><li>Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements.</li><li>Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines.</li><li>Cooperative projects must be located in Fannie Mae's designated markets.</li></ul>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.</td></tr>
<tr><td>Construction-to-Permanent</td><td>See section 4.7 for guidelines</td></tr>
</table>

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Standard Guidelines for Loan Amounts > $822,375 Program Requirements | |
|---|---|
| **Valid Credit Score** | • Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months<br>  • Credit references may be a combination of tradelines, traditional or nontraditional credit<br>• At least one borrower on the loan must have a valid credit score<br>• For more information, see section 7.5. |
| **Underwriting Notes** | **Ineligible**: Nontraditional credit, construction-to-permanent > $1,000,000, 2 – 4 units, manufactured housing. |
| **Note** | Loans must meet all other Enact Standard Guidelines. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

This page is intentionally blank.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 4.5 Standard Guidelines Affordable Housing / HFA Program Eligibility (12/20/20)

| Standard Guidelines Affordable Housing / HFA 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% / 105% | $822,375 | 620 | 50% |
| Manufactured Housing | 95% / 105% | $548,250 | 620 | 50% |
| 2 units | 95% / 105% | $702,000 | 620 | 50% |
| 3 units | 95% / 105% | $848,500 | 700 | 45% |
| 4 units | 95% / 105% | $1,054,500 | 700 | 45% |

[1] Maximum loan amounts in AK & HI are $822,375 for 1 unit and $1,054,500 for 2 - 4 units.

[2] Construction-to-Permanent is ineligible with property types other than Single Family (detached) or Manufactured Housing.

[3] Enact utilizes the DTI excluding the mortgage insurance for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

| Standard Guidelines Affordable Housing / HFA Program Requirements | |
|---|---|
| **General Requirements for Affordable Housing Programs** | • Homebuyer education is required for first time homebuyer.<br>• Documentation of completion of homebuyer education, as may be required, must be maintained in the Origination File and supplied to Enact upon request.<br>• Lender must maintain a copy of the Homebuyer Education Disclosure in the Origination File.<br>• All borrowers must occupy the property. |
| **General Requirements for HFA Loans** | • Income limits, as established by the HFA.<br>• Homebuyer education is required as established by the GSEs or by the HFA.<br>• Documentation of completion of homebuyer education, as may be required, must be maintained in the Origination File and supplied to Enact upon request.<br>• Lender must maintain a copy of the Homebuyer Education Disclosure in the Origination File.<br>• All borrowers must occupy the property.<br>• Documentation of signed Authorization for Counseling form, as may be required, must be maintained in the Origination File and supplied to Enact upon request. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**Continued on next page**

| Standard Guidelines Affordable Housing / HFA Program Requirements | |
|---|---|
| **Documentation** | • Loans with a DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible recommendation or risk classification:<br>  • May follow the respective AUS documentation requirements for employment, income and assets<br>  • All other parameters of Enact Standard Guidelines must be met, including but not limited to, requirements regarding LTV, credit score, DTI, reserves, tradelines, borrower own funds, etc.<br>• All other loans must follow full documentation for credit, income, employment, and assets.<br>• Documentation of signed Authorization for Counseling form, as may be required, must be maintained in the Origination File and supplied to Enact upon request.<br>• 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** | Full URAR, with interior and exterior review, and all applicable addenda. |
| **HomeReady or HFA Preferred** | • Follow Fannie Mae's published program guidelines for manually underwritten HomeReady or HFA Preferred loans.<br>• 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.<br>• Follow Fannie Mae's CLTV/HCLTV calculations and maximums |
| **Home Possible or HFA Advantage** | • Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines for manual underwriting<br>• 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.<br>• Follow Freddie Mac's TLTV/HTLTV calculations and maximums. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

<table>
<tr><th colspan="2">Standard Guidelines Affordable Housing / HFA Program Requirements</th></tr>
<tr><td>Minimum Borrower Contribution</td><td>
<ul>
<li>1 unit & DTI ≤ 45%: 1% minimum borrower contribution</li>
<li>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>
<li>Primary, purchase, 1 unit</li>
<li>Credit score ≥ 680 and DTI ≤ 45%</li>
<li>No subordinate financing resulting in monthly payment obligations</li>
</ul></li>
<li>1 unit & DTI > 45%: 3% minimum borrower contribution</li>
<li>2 – 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.</li>
</ul>
<u>Gift Funds</u>
<ul>
<li>Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity.</li>
</ul>
<u>Grant Funds</u>
<ul>
<li>Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities.</li>
<li>Grant funds cannot require monthly payment obligations.</li>
<li>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.</li>
<li>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.</li>
</ul>
<u>Employer Assistance</u>
<ul>
<li>Follow GSE standard underwriting guidelines and documentation for employer assistance.</li>
</ul>
<u>Sweat Equity</u>
<ul>
<li>Sweat Equity is permitted for one-unit properties with a minimum 5% down payment. The borrower must contribute at least 3% of their own funds (2% sweat equity). The maximum LTV is 95% for HomeReady and Home Possible loans. (Enact overlay for Home Possible loans)</li>
</ul>
</td></tr>
<tr><td>Subordinate Financing</td><td>Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines.</td></tr>
<tr><td>Reserves</td><td>
<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>
</td></tr>
<tr><td>Loan Type</td><td>
<ul>
<li>Fixed rate/fixed payment</li>
<li>Fully amortizing ARMs with initial term ≥ 1 year</li>
<li>Temporary buydowns</li>
<li>Ineligible: Balloons</li>
</ul>
</td></tr>
<tr><td>Property</td><td>Single family (detached and attached): Includes detached (site) condominiums</td></tr>
</table>

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Standard Guidelines Affordable Housing / HFA Program Requirements | |
|---|---|
| **Attached PUD, Attached Condominium and Cooperative Projects** | • 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.<br>• Attached PUD, attached condominium and cooperative projects must be warrantable according to GSE general and applicable project eligibility requirements.<br>• Documentation of the project's acceptance standards must be maintained in the Origination File, according to GSE guidelines.<br>• Cooperative projects must be located in Fannie Mae's designated markets. See section 5.24.<br>**Note:** *Loans in attached condominium projects that do not meet project eligibility/acceptance requirements may be submitted to Enact for consideration. 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.* |
| **Valid Credit Score** | • Minimum of three (3) tradelines/credit references, open or closed, that have been evaluated at least 12 months<br>  • Credit references may be a combination of tradelines, traditional or nontraditional credit<br>• At least one borrower on the loan must have a valid credit score<br>• See section 7.5 for guidelines |
| **Nontraditional Credit** | Maximum 95%/105% LTV/CLTV. Max 41% DTI. 1 unit. Nontraditional credit must be underwritten by Enact. |
| **Construction-to-Permanent** | See section 4.7 for guidelines |
| **Note** | Loans must meet all other Enact Standard Guidelines. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

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



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 4.7 Standard Guidelines Construction-to-Permanent Eligibility (12/12/20)

| Standard Guidelines Construction-to-Permanent Program Requirements | | | | |
|---|---|---|---|---|
| **Primary Purchase – Purchase & Rate/Term Refinance** | | | | |
| **Property Type** | **Maximum LTV/CLTV** | **Maximum Loan Amount[1]** | **Minimum Credit Score** | **Maximum DTI[2]** |
| **Single family (detached)** | 97% | $822,375 | 620 | 50% |
| | 90% | $1,000,000 | 680 | 43% |
| **Manufactured Housing** | 95% | $548,250 | 620 | 50% |
| **Second Home – Purchase & Rate/Term Refinance** | | | | |
| **Single family (detached & attached), Condominiums, Cooperatives** | 90% | $548,250 | 620 | 50% |
| | 90% | $822,375 | 700 | 45% |
| | 90% | $1,000,000 | 720 | 43% |
| **Manufactured Housing** | 90% | $548,250 | 620 | 50% |

[1] Eligible loan amount in AK & HI is $822,375.

[2] Enact utilizes the DTI excluding the mortgage insurance for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

| 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.<br><br>**LTV Calculation**<br>Lesser of:<br>• Acquisition cost (purchase price of the lot plus total documented construction costs), or<br>• Appraised 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.<br><br>**LTV Calculation –** Current appraised value, as completed |
| **Loan Types** | Eligible loan types for permanent financing:<br>• Fixed rate/fixed payment<br>• Fully amortizing ARMs with initial term ≥ 1 year<br>• Balloons<br>• Temporary buydowns<br>**Note**: *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.* |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

<table>
<tr><th colspan="2">Standard Guidelines Construction-to-Permanent Program Requirements</th></tr>
<tr><td>Minimum Borrower Contribution</td><td>Minimum 3% from Borrower's Own Funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if:<ul><li>Primary, purchase, 1 unit or second home</li><li>Credit score ≥ 680 and DTI ≤ 45%</li><li>No subordinate financing resulting in monthly payment obligations</li></ul><table><tr><th>Occupancy</th><th>Minimum Borrower Contribution</th></tr><tr><td>Primary Residence, 1-Unit, Purchase:<ul><li>≤ $1,000,000</li></ul></td><td>3%</td></tr><tr><td>Second Home</td><td>5%<br>Note: The 5% minimum borrower contribution may consist of 3% gift funds and 2% from borrower own funds.</td></tr></table></td></tr>
<tr><td>Nontraditional Credit</td><td>Ineligible</td></tr>
<tr><td>Reserves</td><td>For information, see section 7.10.3.</td></tr>
<tr><td>Borrower/Builder</td><td>The borrower may act as the contractor or provide repairs subject to GSE guidelines.</td></tr>
<tr><td>Property Types</td><td><ul><li>Single family (attached & detached): Includes detached (site) condominiums.</li><li>Manufactured Housing</li><li>Ineligible: 2 – 4 units, attached housing, attached condominiums, cooperatives, investment property.</li></ul></td></tr>
<tr><td>Manufactured Housing Eligibility</td><td>The following applies for manufactured housing purchase transactions:<ul><li>Loan must be for the installation of a newly purchased manufactured home that has never been attached to a foundation</li><li>See section 7.12 for complete details</li></ul></td></tr>
<tr><td>Appraisal Documentation</td><td><ul><li>URAR, "subject to completion" completed by an appraiser at time of underwrite.</li><li>The appraisal form and applicable addenda must meet GSE requirements.</li><li>Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction.</li><li>The update and/or new appraisal must be added to the Origination File documentation.</li><li>If the original appraisal is:<ol><li>≤ 120 days: Form 1004D/442 with the Certification of Completion section completed by the appraiser must be added to the Origination File documentation</li><li>> 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.</li></ol></li></ul></td></tr>
<tr><td>Commitment/Certificate of Insurance Note</td><td>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."</td></tr>
<tr><td>Commitment Term</td><td><ul><li>12 months</li><li>Extensions and reinstatements not permitted. Loan must be resubmitted and will receive current rates and guidelines.</li></ul></td></tr>
<tr><td>Mortgage Insurance Coverage</td><td><ul><li>Mortgage insurance coverage may be provided during the construction phase or at completion of construction</li><li>Coverage may be activated prior to completion of construction or upon completion of construction</li></ul></td></tr>
</table>

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Standard Guidelines Construction-to-Permanent Program Requirements | |
|---|---|
| **Activation of Coverage Prior to Completion of Construction/Insure During Construction** | 1. 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.<br>2. Upon completion of the construction, Enact must be notified should any of the loan terms change.<br><br>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. |
| **Activation of Coverage Upon Completion of Construction/ Insure Upon Completion of Construction** | 1. Prior to activation of coverage, Enact must be notified should any of the loan terms change. See section 5.2.<br>2. The loan close date provided to Enact to activate coverage is the date the loan converts to the permanent financing<br>3. 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.<br>• 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.<br>4. 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.<br>5. All mechanics' liens, materialmen's liens or any other liens affecting title must be satisfied prior to activation of coverage<br>6. Receipt of the loan close date and premium serves as the lender's representation and warranty that:<br>• The borrower had no delinquencies during the construction phase<br>• There are no outstanding liens or any debt affecting title, and<br>• The Origination File documentation is complete.<br>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. |
| **Underwriting Notes** | • Borrower is underwritten and qualified one time according to the terms of the permanent financing.<br>• 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.<br>• 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.<br>• Loans must meet all other Enact Standard Guidelines. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 4.8 Professional Program (12/12/20)

| Professional Program Requirements | | | | |
|---|---|---|---|---|
| **Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent** | | | | |
| **Property Type** | **Max LTV/CLTV** | **Max Loan Amount** | **Min Credit Score** | **Max DTI[1]** |
| Single family (detached & attached), Condominiums, Cooperatives | 97% | $822,375 | 620 | 50% |
| | 95% | $1,000,000 | 680 | 43% |
| Construction-to-Permanent (Single Family detached) | 90% | $1,000,000 | 680 | 43% |

[1] Enact utilizes the DTI excluding the mortgage insurance 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:<br>• 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<br>• If a Resident or Fellow:<br>  • Must have a signed guaranteed non-contingent employment contract, or be a graduate from a doctoral program<br>• 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.<br>**Note:** *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.* |
| **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:<br>• Letter from employer verifying the medical resident's start date, or<br>• Letter from the employer verifying at least 6 months residency remaining, or<br>• Letter from the student loan servicer confirming that student loan payments will be in deferment after the loan closing date |
| **Minimum Borrower Contribution** | Minimum 3% from Borrower's Own Funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if:<br>• Primary, purchase, 1 unit<br>• Credit score $\geq$ 680 and DTI $\leq$ 45%<br>• No subordinate financing resulting in monthly payment obligations |
| **Reserves** | For information, see section 7.10.3. |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**Continued on next page**

| Professional Program Requirements | |
|---|---|
| **Ineligible Attributes** | Manufactured housing, 2 – 4 units, second homes and investment property. |
| **Underwriting Notes** | Loans must meet all other Enact Standard Guidelines. |

## 4.9 This section has been removed. (08/30/20)

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 5 All Loans

## 5.1 Commitment/Certificate of Insurance Terms, Conditions, Extensions, Reinstatements (07/01/19)

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 four (4) months from date of issuance. Our standard Commitment term is twelve (12) 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.

**Note:** *The verbal VOE is a good example of an underwriting condition that does not require re-submission of documentation to Enact. Once obtained in accordance to our guidelines, the verbal VOE should be added to the Origination File only.*

### 5.1.3 Commitment Extensions

Existing Commitments with imminent expiration dates will no longer be extended upon request. 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

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**Continued on next page**

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 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

### 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 www.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**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

#### 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 the Enact ActionCenter at **800 444.5664** or action.center@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 inforce 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 the permanent financing.

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

## 5.8 Ineligible Loan Features (09/18/21)

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

| Ineligible Loan Features | |
|---|---|
| **Topic** | **Ineligible Item** |
| **Appraisal** | • Exterior only appraisals<br>• Automated Valuation Models (AVMs)<br>• Property Inspection Alternative (PIAs)<br>• Appraisal Waivers[2]<br>• Desk Review |
| **Assets** | • Cash on hand[4]<br>• Repayment of debt from family or friends<br>• Shared equity<br>• Sweat equity[4] |
| **Borrower Eligibility** | • Borrowers with diplomatic immunity<br>• Foreign Nationals |
| **Credit** | • Credit scores < 620[2] |
| **Debt-to-Income Ratio (DTI)** | • DTI > 50%[1,2] |
| **Documentation** | • Alt-A documentation (stated income, no income/no assets)<br>• No Documentation<br>• Reduced documentation<br>• Lite documentation<br>• Limited documentation |
| **Geographic** | Properties located in:<br>• Guam<br>• Puerto Rico<br>• Virgin Island<br>See section 5.25. |
| **Income** | Rental income from the subject second home may not be used for qualifying purposes |
| **Interested Party Contribution – Payment Abatements** | Loans with payment abatements are ineligible.<br>**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.* |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Ineligible Loan Features | |
|---|---|
| **Topic** | **Ineligible Item** |
| **Loan Amount** | Loan amounts > $2,000,000 |
| **Loan-to-Value** | • LTV ratios > 97%<br>• LTV ratios < 80%[3] |
| **Loan Types** | • A-Minus Loans<br>• Balloons with initial term < 5 years<br>• Graduated Payment Mortgage (GPM)<br>• Interest only loans<br>• Loans featuring negative amortization (potential or scheduled)<br>• Pay option ARMS (POA) |
| **New York State Restrictions** | • For cooperative purchase transactions, ineligible if the loan amount ÷ sales price is < 80%. For more information, see section 5.14.<br>• For all other properties, ineligible if the loan amount ÷ appraised value is < 80% |
| **Property Types** | • Commercially used properties<br>• Unimproved land<br>• Time share units<br>• Mobile Homes<br>• Working farms, orchards and ranches<br>• Houseboats<br>• Condotels |

[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 HomeReady and Home Possible 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. |
| **Loan Amount** | Loan amounts > $1,000,000 |
| **Nontraditional Credit** | • Loans with nontraditional credit not receiving a DU Approve/Eligible or Loan Product Advisor Accept/Eligible recommendation or risk classification require an Enact underwrite. See section 7.6.<br>• Cash-out refinance transactions with nontraditional credit are eligible on a case-by-case basis with an Enact underwrite. |
| **Property** | Loans for the following property types may be submitted for an Enact underwrite and consideration on a case-by-case basis:<br>• Earth, dome and geothermal properties<br>• Atypical/unique properties |
| **Non-warrantable Condominium Projects** | • 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.<br>• 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. |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Loan Features or Programs Requiring an Enact Underwrite | |
|---|---|
| **Topic** | **Guideline** |
| **Temporary Leave Income** | Use of assets as supplemental income for qualification purposes. See section 7.11.1. |

**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 (03/04/19)

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.
- 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 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.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 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 (07/01/19)

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. We will generally insure loans with ratios up to 45% for most loans and 41% for loans with nontraditional credit.

Enact utilizes the DTI excluding the mortgage insurance premium for pricing purposes, the total DTI including mortgage insurance is used for guideline eligibility.

**Note***: 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.*

Higher DTIs may not be prudent for every borrower. We recommend a careful assessment of the borrower's current and past financial profile and overall terms of the loan transaction to determine the reasonableness of a DTI approaching the maximum limit. The presence of one or more of the following conditions may help compensate for the increased risk of a higher DTI:

- Borrower has demonstrated the ability to carry a higher housing expense or higher debt level while maintaining a good credit history.
- Borrower has additional sources of income that were not considered stable for use in qualification
- Borrower has substantial liquid reserves equal to six months reserves above required reserves
- Borrower has demonstrated the ability to accumulate savings and to maintain a good credit history or a non-housing debt-free position
- Borrower's new housing payment is no more than 115 - 120% of the prior rental or housing payment
- Borrower's gap between their monthly housing debt (HDI) and DTI is less than 15 points

There may be factors other than those above that you use to support and document the borrower's capacity to repay monthly obligations.

### 5.12.2 Housing Expense to Income Ratio (HDI)

Enact does not impose a maximum total housing expense-to-income ratio (HDI). However, Enact recognizes that a review of the gap between the borrower's HDI and DTI is a useful tool to help assess the borrower's capacity to satisfy monthly obligations. When the gap is wide, (more than 15 points) prudent underwriting and reasonableness tests should be applied to see if the borrower has managed the level of non-mortgage related debt in the past and maintained a strong credit history.

## 5.13 Occupancy Eligibility (08/30/20)

### 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.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 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(s) 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, financed MI, ARM with initial term < 1 year, balloons and temporary buydowns

## 5.14 LTV/CLTV/GLTV/TLTV (12/12/20)

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%, for a primary residence, purchase or rate/term refinance transaction where the loan amount is ≤ $1,054,500
    - The GLTV must not exceed 95%, if the occupancy is second home
- Financed MI premium is not allowed for cash-out refinance transactions or investment property.

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.

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**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 (08/30/20)

#### 5.15.1 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.

##### 5.15.1.1 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 not to exceed 2% or $2,000, whichever is less, 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

Non-agency or lender portfolio transactions that do not meet the definition above are treated as cash-out refinances.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 5.15.2 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 was used in whole to acquire the subject property,
- Payoff of closing costs, financing costs, points and prepaids

| Cash-Out Refinance Guidelines | |
|---|---|
| **Topic** | **Description** |
| **Seasoning and Listing History** | The following are ineligible for cash-out refinance:<br>• Properties purchased within the last six (6) months<br>**Note:** *Properties previously listed for sale, must be removed from market prior to closing. Origination File must contain documentation to evidence listing was removed prior to closing.* |
| **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** | • Fixed rate/fixed payment<br>• Fully amortizing ARMs with initial term $\geq$ 1 year |
| **Nontraditional Credit** | Eligible on a case-by-case basis with an Enact underwrite |
| **Property Types** | • Single family, detached and attached<br>• Condominiums<br>• Cooperatives |
| **Ineligible** | Temporary buydowns, balloons, manufactured housing, 2 – 4 units, construction-to-permanent, financed MI |

### 5.15.3 Fannie Mae's Delayed Financing Exception

We will insure cash-out refinances that meet Fannie Mae's delayed refinancing exception guidelines. Our cash-out refinance guidelines also apply, except for the six months seasoning requirement.

## 5.16 Eligible Loan Types (08/30/20)

### 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.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 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** | **Maximum Initial Cap (1st Adjustment)** | **Maximum Periodic Cap (Subsequent Annual)** | **Lifetime Cap** | **ARM Restrictions** |
| **1/1** | 2% | 2% | 6% | **Min. ARM Term ≥ 3 years:**<br>• Loan Amounts > $1,000,000 |
| **2/1 and 2/2 year** | 2% | | | |
| **3/1 and 3/3 year** | 3% | | | |
| **5/1 and 5/5 year ≥ 5 years** | 6% | | | |

### 5.16.8 Qualifying Rate on ARMs

Follow GSE standard requirements. For more information, see Fannie Mae or Freddie Mac.

## 5.17 Temporary Buydowns (12/12/20)

| Temporary Buydowns | | | | |
|---|---|---|---|---|
| **Occupancy** | **Loan Type** | **LTV** | **Max Buydown Period** | **Restrictions** |
| **Primary Residence** | • Fixed rate<br>• ≥ 1 year ARMs | 97% | 3-2-1 | **Ineligible with the following:**<br>• Cash-out Refinances<br>• Investment Property<br>• Manufactured Housing<br>• Loan amounts > $822,375 |
| • Follow GSE standard guidelines for qualifying rate for temporary buydowns. Refer to Fannie Mae or Freddie Mac. | | | | |

## 5.18 Guidelines for Property and Appraisals (07/01/19)

### 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)
- Cooperative units
- Modular and Panelized Factory Built Housing
- Manufactured Housing
- 2 – 4 units

Loans for the following property types may be submitted for an Enact underwrite and consideration on a case-by-case basis:

- Earth dome and geothermal properties
- Atypical/unique properties

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 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 Non-Residential Properties

Enact does not insure non-residential properties such as agricultural type properties, commercially used properties, working farms, orchards and ranches. The Origination File must evidence:

- The highest and best use of the property is residential
- The property characteristics and present land use indicate it is residential
- The site size must be typical for the area and readily marketable
- The appraisal report must address the impact of outbuildings, especially significant outbuildings, on the property's value and use

### 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 GSE's 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

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

- 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.*

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 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 (12/12/20)

### 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)** | The cooperative unit must be located 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:<br>• Alaska<br>• California<br>• Connecticut<br>• Florida<br>• Illinois<br>• Indiana<br>• Maryland<br>• Massachusetts<br>• Michigan<br>• Minnesota<br>• New Jersey<br>• New York<br>• Pennsylvania<br>• Washington<br>• Virginia<br>• 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 |
| **Presale Requirements** | Minimum 50%. Developer/sponsor held coops are included in the count of total number of units when calculating presale requirements. |
| **Investor Concentration** | Maximum 30% investor concentration. Developer/sponsor held coops are included in the count of total number of units when calculating investor concentration. *(Enact overlay)* |
| **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** | • 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<br>• New conversions and new construction: Two (2) comparables from outside the project are required as well as one (1) from inside the project |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Cooperative Units Eligibility Requirements | |
|---|---|
| **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) |
| **Blanket Mortgage** | The blanket project mortgage may be a market-rate FHA-insured mortgage or a conventional mortgage.<br><br>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. |

## 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** | For cooperative purchase transactions, it is 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% |
| **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

A property flip occurs when a recently purchased property is quickly resold for a profit by the seller. The short time frame between the acquisition and resale coupled with an increase in the property value are signs that a flip may have occurred.

- Property seller must be "owner of record" according to publicly available information and is supported by Origination File documentation
- No back-to-back, simultaneous closings, or double closings, or assignment of contract for sale
- Increases in the property value must be explained, documented and supported by a new appraisal. Improvements and renovations must be substantiated with receipts, contractor invoices, building permits and/or detailed information reflected by the appraiser/appraisal

Fannie Mae and Freddie Mac provide guidance for evaluating property flips, the quick sale of a recently purchased property for a profit by the seller (see the resources on each GSE's fraud prevention website). The guidance is intended to help a lender identify the characteristics of legitimate property flips and fraudulent property flips. We expect lenders to look for the red flags of improper flips and take steps outlined by the GSEs to confirm or dismiss the legitimacy of the transaction. Any excessive value message or rapid appreciation message from DU and Loan Product Advisor must be addressed according to the GSE's guidance. This entails at a minimum the thorough review of the appraisal (e.g., comparables, sales histories, detail and documentation of improvements, rationale for value increase, photographs, etc.) to confirm the value is not fraudulently inflated. The Origination File documentation must thoroughly evidence that the property flip is legitimate.

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**Note**: *The sales transactions below are not considered flips:*

- *A recently inherited property*
- *A property acquired through a divorce settlement*
- *A property acquired through an employer relocation program*
- *A property resold by a lender, servicer, or MI company that was acquired through foreclosure or deed-in-lieu*

## 5.28 Disaster Policy (08/30/20)

If a property has been impacted by a natural disaster, 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 natural disasters, prior to submission of a Claim, the property would 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 (08/30/20)

This section provides our documentation requirements for appraisals. 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 minimums to support the underwriting decision.

| Appraisal Documentation and Age | |
|---|---|
| **Documentation** | **Requirements** |
| **Appraisal** | • All property evaluations must have an Interior/Exterior review (URAR)<br>• The appraisal form and applicable addenda must meet GSE requirements.<br>• Use of automated valuation models (AVMs), Appraisal Waivers[1], PIAs, desk reviews, or exterior only appraisals to obtain property values are ineligible.<br>• 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. |
| **Collateral Underwriter (CU) Eligibility** | 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:<br>• 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<br>• Review of the appraisal narrative and photos do not reveal any influences on value<br>• that cannot be modeled and appropriately considered by CU<br>• Condition rating of the property in its current condition is C4 or better<br>• The appraiser's description of the property is not erroneous or misleading<br>• The property meets Fannie Mae eligibility requirements<br><br>One of the following documents must be present in the Origination File:<br>• DU CU Findings from CU, or<br>• CU Print Report, or<br>• UCDP® Submission Summary Report (SSR) from CU |

[1] Appraisal waivers are only eligible if offered by DU or LPA under the Simply Underwrite Guidelines and loans meeting Fannie Mae's Rural High Needs Appraisal Waiver requirements.

## 5.30 Builder/Seller Contributions

Follow GSE standard guidelines for treatment of builder/seller contributions, subject to these maximum contributions amounts:

| Builder/Seller Contributions | | |
|---|---|---|
| **Occupancy** | **LTV/CLTV** | **Max Contribution** |
| **Primary Residence** | 90.01 – 97% | 3% |
| | 90% | 6% |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Builder/Seller Contributions | | |
|---|---|---|
| **Second Homes** | 90% | 6% |
| **Investment Property** | 85% | 2% |

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.*

For HomePath properties, we allow up to 6% Interested Party Contribution (IPC) for primary residence transactions with LTV/CLTV > 90%. All other requirements related to interested party contributions continue to apply. As DU will not be able to identify the subject property as a HomePath property, it is the lender's responsibility to verify and ensure that the property is a HomePath property and document the Origination File accordingly.

## 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



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 6 Simply Underwrite

## 6.1 Simply Underwrite (08/05/19)

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** | **Loan Product Advisor Accept** |
| • Approve/Eligible<br>• Approve/Ineligible for HomePath® Properties with Interested Party Contributions (IPC) exceeding standard limits (Maximum 6% IPC) | • Accept/Eligible |

All other recommendations/risk classifications are ineligible for Simply Underwrite and must be manually 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.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 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*

**Note:** *Loans with nontraditional credit are allowed under the Simply Underwrite Guidelines. These loans must receive a DU Approve/Eligible recommendation or Loan Product Advisor Accept/Eligible risk classification.*

### 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.



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 7 Standard Guidelines

## 7.1 Standard Guidelines Documentation Requirements (09/18/21)

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. The Standard Guidelines documentation requirements are described in this section.

Our policy for loans underwritten to Standard Guidelines 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, or
- Follow the least restrictive of the agencies guidelines for all other situations

The chart below abbreviates this policy as "Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive." In some places, we select either Fannie Mae or Freddie Mac as the "all other" default.

Loans with a DU Approve / Ineligible or Loan Product Advisor Accept / Ineligible recommendation or risk classification ***not meeting*** Simply Underwrite guidelines:

- Must meet Enact Standard Guidelines
- May follow the respective AUS documentation requirements for employment, income and assets
- All other parameters of Enact Standard Guidelines must be met, ***including but not limited to,*** requirements regarding LTV, credit score, DTI, reserves, tradelines, borrower own funds, etc.

**Note***: 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 (04/01/21)

| 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.<br>**Note***: 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.* | Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive |
| **Mortgage & Rental Payment History** | Mortgage Payment History<br>• Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive<br>Rental Payment History<br>A direct verification of rental payments (a VOR or 12 months cancelled checks, as applicable) will be required if:<br>• The borrower is a nontraditional credit borrower which requires a verification of rental payments as one credit reference, or<br>• An additional credit reference is needed to meet our minimum tradeline and history requirement<br>• When a borrower is not paying for any monthly housing, an explanation should be provided | |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

| Standard Guidelines Documentation | | |
|---|---|---|
| **Documentation** | **DU Approve Ineligible or Loan Product Advisor Accept Ineligible** | **All other Manually Underwritten Loans** |
| **Income & Employment** | 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 | • Follow Freddie Mac if Freddie Mac<br>• Follow Fannie Mae for all others<br>**Note:** *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.* |
| **Verbal VOE** | Follow the GSE AUS requirements | Verbal VOE is required to be dated within 30 calendar days prior to the note date for both salaried and self-employed borrowers.<br>**Note:** *For Enact underwritten loans, a condition for the verbal VOE may be placed on the Commitment/Certificate of Insurance. You are not required to submit the verbal VOE to us prior to certification; however, the document must be retained in the Origination File after it has been obtained.* |
| **Assets/Reserves** | Follow the GSE AUS requirements | Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive. See section 7.10.3. |
| **Appraisal** | • All property evaluations must have an Interior/Exterior review (URAR).<br>• The appraisal form and applicable addenda must meet GSE requirements.<br>• Use of automated valuation models (AVMs), Appraisal Waivers, PIAs, desk reviews, or exterior only appraisals to obtain property values are ineligible.<br>• 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.<br>• Loan amounts > $1,000,000<br>  • 2 Full URARs, or<br>  • 1 Full URAR **and** a Field Review (Form 2000/Form 1032) | |
| **Appraisal for Construction-to-Permanent Loans** | • URAR, "subject to completion" completed by an appraiser at time of underwrite.<br>• The appraisal form and applicable addenda must meet GSE requirements.<br>• Appraisal Update and/or Completion Report (Form 1004D/442) completed by the appraiser at completion of construction.<br>• A new appraisal may be required at completion of construction if the appraiser indicates on the 1004D/442 that the value has declined.<br>• 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 | • Follow Freddie Mac if Freddie Mac<br>• Follow Fannie Mae for all others |

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

Electronically generated verifications are acceptable provided the lender represents and warrants the integrity and accuracy of the information. In addition, we require:

- Verification of significant debts, such as mortgage or installment loans, which are not verified on the credit report or the in-file reports
- Applicable Enact Application to request the mortgage insurance

#### 7.2.1 LTV 95.01 – 97%

- **Eligible Loan Types:** Fixed rate/fixed payment, ARMs with initial term ≥ 1 year
- **Ineligible Loan Features:** Nontraditional credit and non-occupant co-borrowers
- Affordable Housing and HFAs: See section 4.5 for 95.01 – 97% LTV guidelines.

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

## 7.3 Balloon/Call Options (12/12/20)

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.

**Note:** *Balloons are ineligible for the following: Investment property, manufactured housing, affordable housing and HFA loans, interim financing for construction-to-permanent loans and loan amounts > $822,375.*

## 7.4 Credit Underwriting

Enact will accept either of the following ways to establish a borrower's credit history for loans underwritten to Enact's Standard Guidelines:

- **Using Credit Scores**: Our Using Credit Score guidelines should be used when the credit scores obtained for the borrower(s) meet the required minimum number of tradelines / credit references (3) and the history requirements (evaluated at least 12 months). For more information, see section 7.5.
- **Using Nontraditional Credit**: 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 7.6.

| Credit Underwriting | | |
|---|---|---|
| **Documentation** | **DU Approve Ineligible or Loan Product Advisor Accept Ineligible** | **All other Manually Underwritten Loans** |
| **Credit Report** | Follow the GSE AUS requirements.<br>**Note***: 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.* | Fannie Mae if Fannie Mae, Freddie Mac if Freddie Mac, otherwise least restrictive |
| **Documentation Age** | Follow GSE AUS requirements | • Follow Freddie Mac if Freddie Mac<br>• Follow Fannie Mae for all others |

## 7.5 Credit History: Using Credit Scores

Enact requires there be 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.

**Note***: For information on Simply Underwrite guidelines, see* section 4.1 and section 6.

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

<table>
<tr><th colspan="2">Credit History: Using Credit Scores</th></tr>
<tr><th>Topic</th><th>Description</th></tr>
<tr><td>Credit Report</td><td>
<ul>
<li>A Residential Mortgage Credit Report (RMCR) or an in-file credit report
<ul>
<li>Credit data should be requested for each borrower from a minimum of two (2) repositories; three (3) repositories are preferred</li>
<li>Credit repositories include Equifax, Experian and TransUnion</li>
</ul></li>
</ul>
</td></tr>
<tr><td>Tradelines / Credit References</td><td>
<ul>
<li>Minimum of three (3) tradelines / credit references, open or closed, that have been evaluated at least 12 months.
<ul>
<li>Credit references may be a combination of tradelines, traditional or nontraditional credit</li>
<li>Authorized user tradelines may be used to count towards the minimum tradeline requirement if:
<ul>
<li>The owner of the account is another borrower on the mortgage, or</li>
<li>The account belongs to the borrower’s spouse, or</li>
<li>The borrower has been the sole payer on the account for the last 12 months and can document those payments</li>
</ul></li>
</ul></li>
<li>Credit scores not supported by the minimum number of credit references or do not meet the history requirement are not considered valid</li>
<li>At least one borrower on the loan must have a valid credit score. If not, submit the loan to Enact for underwriting. The Nontraditional Credit guidelines in section 7.6 will apply.</li>
</ul>
</td></tr>
<tr><td>Selecting the Borrower Credit Score</td><td>
<table>
<tr><th>If…</th><th>Borrower Credit Score is…</th></tr>
<tr><td>Three (3) scores are obtained</td><td>Use the middle score</td></tr>
<tr><td>Three (3) scores are obtained and two are identical</td><td>Use the identical score</td></tr>
<tr><td>Two (2) scores are obtained</td><td>Use the lower score</td></tr>
<tr><td>One (1) score is obtained</td><td>Use the score obtained</td></tr>
<tr><td>No scores are obtained or insufficient credit references or credit history</td><td>No Score</td></tr>
</table>
</td></tr>
<tr><td>Selecting the Representative Credit Score</td><td>
<table>
<tr><th>If…</th><th>Representative Credit Score is…</th></tr>
<tr><td>One or more borrowers, each with a Borrower Credit Score</td><td>Choose the lowest of all the Borrower Credit Scores, as determined above, but typically the lowest middle score (Example 1)</td></tr>
<tr><td>One or more borrowers, each without a valid credit score (No Score)</td><td>• Nontraditional Credit guidelines in section 7.6 will apply<br>• Submit to Enact for underwrite</td></tr>
<tr><td>Multiple borrowers, at least one with a Borrower Credit Score and at least one without a Borrower Credit Score</td><td>Choose the lowest of all the Borrower Credit Scores (Example 2)<br>• At least one borrower must have a valid credit score</td></tr>
</table>
Example 1:
<table>
<tr><th>Multiple Borrowers</th><th colspan="3">Credit Scores</th></tr>
<tr><td>Borrower 1</td><td>690</td><td>700</td><td>710</td></tr>
<tr><td>Borrower 2</td><td>675</td><td>680</td><td>690</td></tr>
</table>
The Representative Score is 680, as it is the lower of the two middle scores.<br>
Example 2:
<table>
<tr><th>Multiple Borrowers</th><th colspan="3">Credit Scores</th></tr>
<tr><td>Borrower 1</td><td>No score</td><td>No score</td><td>No score</td></tr>
<tr><td>Borrower 2</td><td>675</td><td>715</td><td>725</td></tr>
<tr><td>Borrower 3</td><td>690</td><td>700</td><td>710</td></tr>
</table>
</td></tr>
</table>

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

Continued on next page

| Credit History: Using Credit Scores | |
|---|---|
| | The Representative Score is 700, as it is the lowest middle score of all valid Borrower Credit Scores. |
| **Inaccurate Credit File** | Follow GSE standard guidelines for treatment of inaccurate credit file information |
| **Adverse History** | 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.<br><br>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. |
| **Mortgage & Rental Payment History** | • A current status<br>• No more than 0 x 30 in the last twelve (12) months<br>• No more than 1 x 30 or 0 x 60 in last 24 months |
| **Installment Credit History** | • A current status<br>• Generally, accounted for in the credit score with:<br>  • No more than 1 x 30 in the last twelve (12) months<br>  • No more than 2 x 30 and 1 x 60 in last 24 months |
| **Revolving Credit History** | • A current status<br>• Generally, accounted for in the credit score with:<br>  • No more than 2 x 30 in the last twelve (12) months<br>  • No more than 2 x 30 and 1 x 60 in the last 24 months |
| **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** | 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:<br>• Multiple newly opened accounts<br>• Unrelated credit inquiries, or<br>• Any recently delinquent accounts, especially 60-day or 90-day late payments<br>Follow GSE standard guidelines regarding documentation of the above items. |



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 7.6 Credit Underwriting: Using Nontraditional Credit (08/30/20)

Nontraditional Credit guidelines apply when no borrower on the loan has a valid Borrower Credit Score due to:

- No credit score was obtained from any credit reporting agency due to the absence of credit information, or
- Unable to meet minimum credit references or credit history to support the credit score(s) obtained

The following guidelines apply for loans with nontraditional credit:

- Enact underwrite required
- Primary residence, purchase transactions (refinances on a case-by case basis)
- 1 unit with a maximum 95%/105% LTV/CLTV
- Maximum 41% DTI
- Fixed rate or fully amortizing ARMs with a minimum initial loan term $\geq$ 1 year
- Maximum Agency Base Conforming loan limits for the Contiguous States, and AK & HI loan limits
- Follow GSE standard guidelines for documenting a nontraditional credit history
- **Ineligible:** construction-to-permanent, manufactured housing, second homes, and investment property

**Note***: Higher pricing will be applied to loans following Nontraditional Credit Guidelines.*

## 7.7 Collections, Judgments or Liens (07/01/19)

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. However, we will allow collections and charge offs to remain open to the following maximums:

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

Collections in connection to 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 (04/01/21)

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' 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** | Eligible and documented according to GSE standard underwriting guidelines:<br>• Checking and Savings Accounts |

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

**Continued on next page**

| Eligible Sources of Funds | |
|---|---|
| **Eligible Sources of Borrower's Own Funds** | |
| | • Deposits on Sales Contract<br>• Cash on hand (Affordable Housing only)<br>• Stocks, Bonds, Mutual Funds (follow Fannie Mae for all others)<br>• Retirement Accounts (follow Fannie Mae for all others)<br>• Sales proceeds from a currently owned home<br>• Borrowed Funds, secured by an asset owned by the borrower<br>• Bridge loans<br>• Rent with Option to Purchase<br>• Sale of Personal Assets<br>• Individual Development Accounts |
| **Gift Funds**<br>**Grant Funds**<br>**Employer Assistance** | The minimum contribution can be met by acceptable sources per GSE guidelines if:<br>• Primary, purchase, 1 unit or second home<br>• Credit score ≥ 680 and DTI ≤ 45%<br>• No subordinate financing resulting in monthly payment obligations<br>**Gift Funds**<br>• Follow GSE standard underwriting guidelines and documentation for gift funds, including gifts of equity<br>**Grant Funds**<br>• Follow GSE standard underwriting guidelines and documentation for grant funds/donations from entities<br>• Grant funds cannot require monthly payment obligations<br>• 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<br>• 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<br>**Employer Assistance**<br>• Follow GSE standard underwriting guidelines and documentation for employer assistance |
| **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 for one-unit properties with a minimum 5% down payment. The borrower must contribute at least 3% of their own funds (2% sweat equity). The maximum LTV is 95% for HomeReady and Home Possible loans. *(Enact overlay for Home Possible loans)* |

### 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



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 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[1,2,3,4]** | **Reserves[4]** |
| **Primary Residence, 1-Unit, Purchase**<br>• **Loan Amount ≤ $1,000,000** | 3% | • ≤ $822,375: 2 months *(Enact overlay)*<br>• $822,376 - $1,000,000: 6 months |
| • **Loan Amount > $1,000,000** | 10% | 12 months |
| **Primary Residence:**<br>**1 Unit, Rate/Term Refinance** | NA | 0 months |
| **Primary Residence:**<br>**Cash-out Refinance** | NA | 0 months |
| **Primary Residence:**<br>**2 - 4 Units** | 5% | 6 months |
| **Second Homes** | 5%<br>**Note**: *The 5% minimum borrower contribution may consist of 3% gift funds and 2% from Borrower's Own Funds.* | 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.

[4] See section 4.4 for Loan Amounts > $822,375 Eligibility

### 7.10.4 Pooled Savings as Debt

Payments on loans against a pooled savings debt will not be considered as a debt when determining qualifying ratios.

### 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/Reserves** | 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 | • Follow Freddie Mac if Freddie Mac<br>• Follow Fannie Mae for all others |

## 7.11 Employment and Income (04/01/21)

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.

**Continued on next page**

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

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 and such income is likely to continue for at least three (3) years as may be applicable:

- Automobile Allowances
- Alimony and Child Support
- Boarder Income
- Bonus Income
- Commission Income
- 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
- 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.

### 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 was 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

GSE standard documentation is acceptable.

### 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. Qualification ratios using foreign income will be determined by utilizing 75% of the current exchange rate to compensate for potential currency fluctuation.

### 7.11.6 Deferred Income

Deferred income not presently available may not be used to qualify borrowers.

### 7.11.7 Education Benefits

Education or scholarship benefits are not acceptable as effective income because educational expenses offset the benefits.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

### 7.11.8 Trailing Co-Borrower Income

Trailing co-borrower income may not be used as qualifying income.

### 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

Follow Fannie Mae or Freddie Mac's guidelines for qualifying borrowers on temporary leave from current employment. Use of assets as supplemental income for qualification is permitted with an Enact underwrite.

### 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 | • Follow Freddie Mac if Freddie Mac<br>• Follow Fannie Mae for all others<br>**Note***: 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.* |
| **Verbal VOE** | Follow the GSE AUS requirements | Verbal VOE is required to be dated within 30 calendar days prior to the note date for both salaried and self-employed borrowers.<br>**Note***: For Enact underwritten loans, a condition for the verbal VOE may be placed on the Commitment/Certificate of Insurance. You are not required to submit the verbal VOE to us prior to certification; however, the document must be placed in the Origination File after it has been obtained.* |
| **Documentation Age** | Follow the GSE AUS requirements | • Follow Freddie Mac if Freddie Mac<br>• Follow Fannie Mae for all others |



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 7.12 Manufactured Housing Requirements (08/30/20)

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

| Manufactured Housing Requirements | |
|---|---|
| **Topic** | **Description** |
| **Loan Types and Loan Term** | • Fixed rate, fixed payment<br>• Positively amortizing ARMs with initial term ≥ 1 year<br>• Maximum 30 year loan term |
| **Minimum Borrower Contribution** | • **1 unit:** Minimum 3% from Borrower's Own Funds. Borrower's minimum contribution can be met by acceptable sources per GSE guidelines if:<br>  • Primary, purchase, 1 unit or second home<br>  • Credit score ≥ 680 and DTI ≤ 45%<br>  • No subordinate financing resulting in monthly payment obligations<br>• **Second Home**: Minimum 5% from Borrower's Own Funds. |
| **Minimum Property Requirements** | Loans must meet GSE standard guidelines for manufactured housing, including but not limited to the following:<br>• Legally classified and assessed/taxed as real property and owned in fee simple. No leaseholds are permitted<br>• Property and land must be financed under one mortgage<br>• Property must meet state and local building codes<br>• 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<br>• Must have permanent water and sewage systems<br>• HUD Data Plate and HUD Certification Label 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.<br>• The appraisal must be completed on Fannie Mae Form 1004C/Freddie Mac 70B<br>• Manufactured homes with additions or structural modifications are acceptable only if a satisfactory inspection report is provided that certifies the addition or structural changes were completed in accordance with the HUD Manufactured Home Construction Safety Standards.<br>• 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<br>**In addition, we require**:<br>• 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. See section 7.14, Acreage for > 15 acres. |
| **Appraisal Considerations** | • The unit must have the general appearance and functional utility of a conventional site built home<br>• The appraisal must address local demand, marketability, and supply of manufactured housing in the area, as well as the quality of construction<br>• The unit must not be atypical for the neighborhood<br>• 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<br>• The remaining economic life must be greater than the loan term but no less than 20 years |
| **Ineligible** | Temporary buydowns, balloons, investment property and 2 – 4 units.<br><br>**Note:** *Renovation mortgages are eligible per GSE published guidelines* |



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 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 (12/12/20)

Enact will insure properties up to 40 acres; the guidelines in this section apply to properties where the acreage exceeds 15 acres. Maximum acreage does not apply to Simply Underwrite loans.

Properties that are not residential in nature (working farms, orchards, ranches, etc.) are ineligible for MI regardless of the acreage.

| Acreage | | | |
|---|---|---|---|
| **Occupancy/Purpose** | **Property Type** | **Maximum LTV** | **Maximum Loan Amount** |
| **Primary Residence Purchase & Rate/Term Refinance** | Single family, detached, | 95% | $822,375 |
| | Manufactured Housing | 95% | $548,250<br>AK & HI: $822,375 |

- Maximum 40 acres
- Properties with multiple houses or multiple living units are prohibited
- Highest and best use must be residential single family
- Rate/Term refinances: Any Schedule F farm income must be less than $2,500 gross per year from activities on the subject property
- No commercial agricultural land uses, such as livestock and field crops. Other traditional agricultural uses must be for reasonable individual purposes only and not for sale, co-op or any other non-individual personal use
- No commercial land use is permitted such as on-site businesses, repair shops, plant nursery, etc.
- The primary water source cannot be a stream, dug well or private pond
- Properties having a land to value ratio exceeding 70% are prohibited
- The subject, or any included parcel, must not have an agricultural tax abatement/reduction
- The appraisal report must include comps that bracket the subject's acreage, with at least one comp within 20% of subject's acreage
- Appraisal report must include an opinion of site value for the subject (point value) and must include summary support for the site value (i.e., a summary of comparable land sales or a summary of the extraction or allocation method)
- 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
- If multiple parcels are included on one appraisal report, the following requirements must be met:
    - Must be contiguous
    - Must have legal ingress/egress between the improved parcels
    - Must be on the same deed
    - None can have a separate highest and best use (excess land)
    - Appraisal report must include the rationale/justification for including multiple parcels
- Across-the-board adjustments in the same direction to all the comps for site or outbuilding/barns/other site improvements/living area/and any other valuable features must be supported by market data, which includes a summary of the supporting data and the analysis supporting the adjustments
- Appraiser must comment on whether the property is being used for agricultural purposes



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

## 7.15 Renovation Mortgages (03/01/20)

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
    - Manufactured Housing maximum LTV 95%
- 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*

## 7.16 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

*The following Enact overlays apply:*

- *Sweat equity is not allowed, however, it is allowed if associated with a HomeReady or Home Possible loan*
    - *Sweat Equity is permitted for one-unit properties with a maximum 95% LTV with a minimum 5% down payment. The borrower must contribute at least 3% of their own funds (2% sweat equity).*
- *Investment property is ineligible*

## 7.17 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 only for completed repairs and improvements.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 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)



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

# 9 Glossary

***Adjustable Rate Mortgage (ARM)***

A mortgage instrument in which the interest rate is adjusted periodically according to a pre-selected index. The terms, adjustment schedule and index to be used are negotiated by the lender.

***Affordable Seconds***

A subsidized second mortgage typically made by a federal, state, or local government agency, a nonprofit organization, or an employer.

***Amortization***

Gradual debt reduction. Normally, the reduction is made according to a predetermined schedule for installment payments.

***Appraisal Waiver***

An optional offer from DU or LPA to waive the appraisal requirement.

***Balloon Mortgage***

A mortgage with periodic installments of principal and interest that do not fully amortize the loan. The balance of the mortgage is due in a lump sum at a specified date in the future, usually at the end of the term.

***Bankruptcy***

A legal proceeding in federal court in which a debtor seeks to restructure his or her obligations to creditors pursuant to the Bankruptcy Code. This generally affects the borrower's personal liability for a mortgage debt, but not the lien securing the mortgage.

***Basis Points (BPS)***

One one-hundredth of one percent. For example, 7½ basis points equal 0.075 percent or 0.00075.

***Blanket Mortgage***

A mortgage that is secured by a co-op project, as opposed to the share loans on individual units within the project.

***Call Option***

A provision in the mortgage that gives the lender the right to call the mortgage due and payable in full at the end of a specified period.

***Cap***

A restriction or limitation on the amount of adjustment in the interest rate payment amount or both on an ARM. Caps can be applied to each adjustment period and/or over the life of the loan. They help reduce borrower uncertainty and the severity of payment shock. Payment caps where no rate cap is in effect can result in negative amortization.

***Cash Out Refinance***

A refinance transaction in which the money the borrower receives from the new mortgage exceeds the total amount needed to repay all existing mortgages, closing costs and pre-paid items and from which the borrower receives additional cash that can be used for any purpose.

***Closing Costs***

All of the costs, not including the price of the property, to the buyer and the seller associated with the purchase, sale or financing of real property.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

***Combined Loan to Value (CLTV)***

The relationship between the total amount of the first mortgage and any subordinate financing and the value of the property (the lower of the property's sales price or appraised value) expressed as a percentage of the property's value. This ratio is a major determinant in assessing the comprehensive risk of a mortgage.

***Community Seconds***

A subsidized second mortgage typically made by a federal, state, or local government agency, a nonprofit organization, or an employer.

***Condo Project Manager (CPM)***

A web-based application available to lenders that supports a lender's Full Review of a condo project by providing key project eligibility questions to assist the lender in determining whether the project meets Fannie Mae's eligibility requirements.

***Condominium (Condo)***

A unit in a condominium project. Each unit owner has title to his or her individual unit, an individual interest in the project's common areas, and, in some cases, the exclusive use of certain limited common areas.

***Conforming Loan***

A mortgage loan that is within the loan amounts and underwriting guidelines established by government sponsored entities for mortgage loans being sold in the secondary market.

***Construction-to-Permanent Loan (CTP)***

A short-term loan intended to finance the cost of construction, usually of a house. The lender makes payments to the builder at periodic intervals as the work progresses.

***Cooperative (Coop) Project***

A residential or mixed-use building wherein a corporation or trust holds title to the property and sells shares of stock representing the value of a single apartment unit to individuals who, in turn, receive a proprietary lease as evidence of title.

***Credit Report / Residential Mortgage Credit Report (RMCR)***

A report to a prospective lender on the credit standing of a prospective borrower, used to help determine credit worthiness.

***Credit Score / FICO Score***

A numerical score based on a system developed by Fair Isaac and Company (FICO) that uses the borrower's credit history and other factors to predict the creditworthiness of borrowers.

***Debt-to-Income (DTI) Ratio***

A ratio derived by dividing the borrower's total monthly obligations (including housing expense) by his or her stable monthly income. This calculation is used to determine the mortgage amount for which a borrower qualifies. This term is used interchangeably with "total debt-to-income ratio" and "expense ratio."

***Down Payment***

The difference between the sales price of real estate and the mortgage amount.

***Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)***

A congressionally chartered, shareholder-owned company that supports the secondary market in mortgages on residential and multifamily property with mortgage purchase and securitization programs.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

***Federal Housing Finance Agency (FHFA)***

The safety, soundness, and mission regulator for Fannie Mae and Freddie Mac. FHFA replaced the former regulator, the Office of Federal Housing Enterprise Oversight (OFHEO).

***Federal National Mortgage Association (FNMA or Fannie Mae)***

A congressionally chartered, shareholder-owned company that supports the secondary market in mortgages on residential and multifamily property with mortgage purchase and securitization programs.

***Fee Simple Estate***

Ownership of real property that is believed to be unrestricted, subject to eminent domain police powers or other restrictions for public benefits.

***Financed Mortgage Insurance Premium***

A mortgage insurance premium for which the borrower is not required to make an advance payment from his or her own funds. Rather, the amount required to pay for a lump-sum premium is financed by including it as part of the original mortgage amount.

***Fixed Rate Mortgage***

A fixed-rate mortgage is a mortgage in which the interest rate and payments remain the same for the life of the loan.

***Foreclosure***

The legal process by which a borrower in Default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.

***Graduated Payment Mortgage (GPM)***

A combination of the graduated payment mortgage and the Adjustable Rate Mortgage.

***Gross Loan-to-Value (GLTV) Ratio***

The Loan-to-Value (LTV) calculated with the financed mortgage insurance premium.

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

A mortgage loan, which is usually in a subordinate position, that allows the borrower to obtain multiple advances of the loan proceeds at his or her own discretion, up to an amount that represents a specified percentage of the borrower's equity in a property.

***Homeowners' Association***

A nonprofit association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project, it holds title to the common elements.

***HomePath Properties***

A HomePath property is a property that was owned and sold by Fannie Mae through a transaction resulting in the disposition of its real estate owned (REO).

***Index***

An interest rate indicator used to determine changes in the mortgage interest rate. Any index that is beyond the control of the lender and easily verifiable by the borrower can be used. The maturity of the index chosen usually corresponds to the loan's adjustment interval. Some commonly used indexes include: 6-month Treasury Bill rates, and 1, 3, and 5-Year Treasuries.

 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

***In-file Credit Report***

A report issued by one credit repository that contains an individual credit history.

***Installment Loan***

Borrowed money that is repaid in equal payments, known as installments. A car loan is often paid for as an installment loan.

***Interested Party Contributions (IPCs)***

Interested party contributions are costs that are normally the responsibility of the property purchaser that are paid directly or indirectly by someone else who has a financial interest in, or can influence the terms and the sale or transfer of, the subject property.

***Investor***

The holder of a mortgage or the permanent lender for whom the mortgage banker services the loan. Any person or institution that invests in mortgages.

***Jumbo Loan***

A mortgage loan that exceeds the legislated purchase limits of Fannie Mae and Freddie Mac. Also called a non-conforming loan.

***Leasehold Estate***

A way of holding title to a property wherein the mortgagor does not actually own the property but rather has a recorded long-term lease on it.

***Liabilities***

A person's financial obligations. Liabilities include long-term and short-term debt, as well as any other amounts that are owed to others.

***Loan-to-Value (LTV) Ratio***

The relationship between the amount of the mortgage loan and the appraised value of the security expressed as a percentage of the appraised value.

***Negative Amortization***

A gradual increase in mortgage debt that occurs when the monthly payment is not large enough to cover the full amount of interest due. The amount of the shortfall is added to the remaining balance to create "negative" amortization.

***Non-Occupant Co-borrower***

A non-occupant co-borrower is someone who applies to get a loan with another person but they do not intend to live in the property. An example of this is a young couple buying a home that needs their parents as co-signers in order to qualify. The parents, since they are not going to live in the home, are non-occupant co-borrowers.

***Non-Permanent Resident Alien***

An individual who seeks temporary entry to the United States for a specific purpose.

***Non-Retail Origination***

For Enact purposes, a non-retail origination is a loan originated by a third party to the transaction. Table-funded loans are considered non-retail.



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

***Nontraditional Credit***

No borrower on the loan has a valid Borrower Credit Score due to:
- No credit score was obtained from any credit reporting agency due to the absence of credit information, or
- Unable to meet the minimum credit references or credit history to support the credit score(s) obtained.

***Permanent Resident Alien***

An individual who is lawfully accorded the privilege of residing permanently in the United States.

***PITI***

Principal, Interest, Taxes and Insurance: An acronym for the items included in a monthly mortgage payment.

***Planned Unit Development (PUD)***

A PUD is a thorough development plan for a large area of land. A PUD usually includes residences, roads, schools, recreational facilities, commercial, office and industrial areas. Also, a subdivision's common areas are reserved for the use of some or all of the owners of the separately owned lots.

***Principal Balance***

The outstanding balance of a mortgage, exclusive of interest and any other charges.

***Project Eligibility Review Service (PERS)***

PERS is a review method available to lenders to submit, new, newly converted, and established projects to Fannie Mae to determine eligibility.

***Reserves***

Verified liquid assets remaining after the borrower pays down payment, closing costs and prepaid items.

***Retail Origination***

For Enact purposes, for a loan to qualify as a Retail Origination, the entity that orders the mortgage insurance coverage (the Insured) must have performed all of the following loan tasks:
- Taking the loan application
- Processing the loan application
- Underwriting the loan application for MI eligibility by the Insured, an MSP, or Enact (Investor underwriting for compliance to its guidelines is not considered an MI eligibility underwrite)
- Funding and closing the loan

***Secondary Financing***

Financing real estate with a loan or loans that are subordinate to a first mortgage or first trust deed.

***Seller Concessions***

Items that are paid for or given by a landlord or seller to induce a prospective tenant or buyer to sign a lease or purchase property.

***Sweat Equity***

Contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash

***Temporary Buydown***

A temporary buydown is a mortgage on which an initial lump sum payment is made by any party to reduce a borrower's monthly payments during the first few years of a mortgage.



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.

***Total Loan-to-Value (TLTV) Ratio***

The loan amount including any subordinate financing amounts and financed mortgage insurance premium.



 ©2021 Genworth Mortgage Insurance Corporation. All Rights Reserved.