Frequently Asked Questions

FAQ on the Fair Credit Reporting Act (FCRA) and Enact Mortgage Insurance

What is FCRA?

The Fair Credit Reporting Act is a federal law to promote the accuracy, fairness and privacy of consumer information contained in consumer reporting agency files. It is intended to protect consumers from the willful and/or negligent inclusion of inaccurate information in their credit reports. To that end, the FCRA regulates the collection, distribution and use of consumer information, including credit information.

Why did I receive this Notice?

The FCRA requires Enact Mortgage Insurance (Enact) to send you a notice when your credit report information causes your Mortgage Insurance (MI) premium rate to be higher than the lowest rate available.

Who is Enact? What is MI?

Enact is a private mortgage insurance company, and we are providing the insurance to your lender for your mortgage loan. MI insures the lender in the event of a mortgage default, and is generally required on loans when a borrower's down payment is less than 20%.

What is a credit report?

Your credit report is a detailed record of your credit account history as reported by your lenders and creditors. It shows the type of account (credit card, auto loan, mortgage, etc.), date opened, credit limit, account balance, payment history, and whether payments made were timely. Your credit report also shows inquiries, public records (like bankruptcy, foreclosure, etc.) and collections.

What is a credit score?

Your credit score is a three-digit number, generally ranging from 300-850, that is calculated using the information in your credit report at one or more of the consumer reporting agencies (CRA). The CRAs use a scoring model to generate your credit score. Your score can vary depending on:

- what credit data the CRA has and when it is updated;
- when the credit score is actually calculated; and
- what scoring model is used by the CRA

To learn more about credit reports and credit scores, visit the Consumer Financial Protection Bureau's (CFPB) website: https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/.

Enact mortgage insurers include: Enact Mortgage Insurance Corporation and Enact Mortgage Insurance Corporation of North Carolina.

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What information in my credit report caused my MI premium rate to be higher?

The credit score that your lender provided in its MI application is one of the attributes used by Genworth to determine the MI premium rate. A second attribute is the debt-to-income ratio (DTI), which is calculated by dividing the total monthly debt payment by total monthly gross income.

I have a high credit score. Why didn't I receive the lowest MI premium rate?

Typically, our MI premium rate increases as a credit score decreases. This means that even borrowers with Good credit scores may be charged higher MI premium rates than borrowers with Very Good or Exceptional credit scores. The chart below shows additional information about credit score ranges, ratings, and the meaning of the ranges. Learn more at the FICO© Score website: https://ficoscore.com/faq/.

FICO® Score	Rating	Meaning of FICO Score Ranges
<580	Poor	• Well below the average of U.S. consumers • Demonstrates to lenders that you are a risky borrower
580-669	Fair	• Below the average of U.S. consumers • Many lenders will approve loans with this score
670-739	Good	• Near or slightly above the average of U.S. consumers • Most lenders consider this a good score
740-799	Very Good	• Above the average of U.S. consumers • Demonstrates to lenders you are a very dependable borrower
800+	Exceptional	• Well above the average score of U.S. consumers • Demonstrates to lenders you are an exceptional borrower

Source: https://ficoscore.com/faq/

How did Enact get the credit report information in my Notice?

We obtain the information from the credit report provided by your lender at time of MI application in the loan package, loan datafile, or we pull credit (subject to state variances) when a loan is approved with adverse pricing or declined for a credit-related reason.

Does Enact need my permission to view or pull my credit report?

No, the FCRA allows certain parties such as creditors and insurers to obtain or view your credit report in connection with requests for credit or the underwriting of insurance. However, certain states do require prior notice or consent from the borrower.

If Enact pulls my credit, will it negatively affect my credit score?

No. Our credit pull as an insurer and not a creditor is a "soft pull" that does not affect your credit score.

What happens when there is more than one borrower on the loan?

We send a separate FCRA notice to each borrower. The notice only shows that borrower's credit information and the credit score used for pricing.

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