

Credit Policy Announcement

Enact Mortgage Insurance (Enact) Credit Policy Announcement
January 10, 2022 – Bulletin 2022-01

This Credit Policy Bulletin addresses Enact's Underwriting Guideline Updates.

Effective **January 10, 2022**, our *Underwriting Guidelines* were updated with changes to further clarify and simplify our guidelines. A few of the updates are highlighted below.

Simply Underwrite[®] and Standard Guideline updates include:

- Updated guidelines to reflect loan limit changes
- Updated construction-to-permanent loans to allow attached property types
- Removed requirements for an Enact Underwrite for various loan attributes

Standard Guideline updates include:

- Updated appraisal requirements for loan amounts > \$1,500,000
- Updated acreage requirements
- Clarified disaster policy verbiage

Peak Portfolio GuidelineSM updates include:

- Updated various guidelines with new loan limits.
- Updated construction-to-permanent loans to allow attached property types
- Removed requirements for an Enact Underwrite for various loan attributes

*Peak Portfolio is an opt-in program and may not be available in all states at this time. Contact your Enact Sales Representative with questions.

Refer to the attached Change Summaries and Eligibility Recap documents for additional details and any other applicable effective dates.

Please distribute this information to your organization. For assistance, contact your Enact representative or the ActionCenter[®] at 800-444-5664. As always, we appreciate your business.

Enact Underwriting Guideline Change Summary

The following guideline changes and clarifications will be effective for MI Applications received on or after **January 10, 2022** unless otherwise specified. The *Underwriting Guidelines* with complete details will be updated and available on our website, EnactMI.com on **January 10, 2022**.

Guideline Updates Effective December 2021		
Topic	Old Guideline	New Guideline
2022 Loan Limits	Simply Underwrite and Standard Guidelines: Not addressed	Simply Underwrite and Standard Guidelines: Updating Enact underwriting guideline loan limits <ul style="list-style-type: none"> Simply Underwrite updates effective 12/5/21 Standard Guidelines updates effective 12/10/21
Guideline Updates Effective January 10, 2022		
Acreage/Rural Properties	Standard Guidelines: Maximum 40 acres	Standard Guidelines: Removing maximum acreage and a few additional requirements. Refer to <i>Underwriting Guidelines</i> for complete details.
Appraisal Requirements	Standard Guidelines: Loan amounts > \$1,000,000 require: <ul style="list-style-type: none"> 2 full URARs, or 1 Full URAR and a Field Review (Form 2000/Form 1032) 	Standard Guidelines: Loan amounts > \$1,500,000 require: <ul style="list-style-type: none"> 2 full URARs, or 1 Full URAR and a Field Review (Form 2000/Form 1032)
Construction-to-Permanent Loans	Simply Underwrite and Standard Guidelines: Construction-to-Permanent loans are ineligible for property types other than single family detached or manufactured housing	Simply Underwrite and Standard Guidelines: Allowing single family attached property types for Construction-to-Permanent loans.
Disaster Policy	Simply Underwrite and Standard Guidelines: 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	Simply Underwrite and Standard Guidelines: Replacing reference to natural disaster with FEMA Declared Disaster Area .
Loan Attributes requiring an Enact Underwrite	Simply Underwrite and Standard Guidelines: Various loan attributes require an Enact Underwrite.	Simply Underwrite and Standard Guidelines: Removing requirements for an Enact Underwrite for the following: <ul style="list-style-type: none"> Loan amounts > \$1,000,000 Nontraditional credit loans Earth, dome and geothermal properties Atypical/unique properties

This summary is intended for reference only and is subject to the complete terms and conditions of Enact's *Underwriting Guidelines* at EnactMI.com. In case of differences with this document, the *Underwriting Guidelines* will govern.

Enact Peak Portfolio Underwriting Guideline Change Summary

The following guideline changes and clarifications will be effective for MI Applications received on or after **January 10, 2022**, unless otherwise specified. The *Underwriting Guidelines* with complete details will be updated and available on our website, EnactMI.com on **January 10, 2022**.

Guideline Updates Effective December 10, 2021		
Topic	Old Guideline	New Guideline
Peak Loan Limits	Various Underwriting Guidelines have maximum loan limits of \$850,000 or \$1,000,000	Expanding various <i>Underwriting Guideline</i> loan limits from: <ul style="list-style-type: none"> • \$850,000 to \$1,000,000, or • \$1,000,000 to \$1,250,000
Guideline Updates Effective January 10, 2022		
Acreage/Rural Properties	Maximum 40 acres	Removing maximum acreage requirement. Refer to Enact's Standard Guidelines for additional Acreage requirements.
Construction-to-Permanent Loans	Construction-to-Permanent loans are ineligible for property types other than single family detached or manufactured housing	Allowing single family attached property types for Construction-to-Permanent loans.
Loan Attributes requiring an Enact Underwrite	Various loan attributes require an Enact Underwrite.	Removing requirements for an Enact Underwrite for the following: <ul style="list-style-type: none"> • Loan amounts > \$1,000,000 • Nontraditional credit loans • Earth, dome and geothermal properties • Atypical/unique properties

This summary is intended for reference only and is subject to the complete terms and conditions of Enact's *Peak Portfolio Underwriting Guidelines* at EnactMI.com. In case of differences with this document, the *Peak Portfolio Underwriting Guidelines* will govern.

Simply Underwrite[®] Eligibility Recap

Simply Underwrite applies to eligible loans with a Desktop Underwriter[®] recommendation or Loan Product Advisor[®] risk classification. Contact your sales representative or the ActionCenter[®] at 800-444-5664 with any questions.

Effective January 10, 2022

Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ¹				
Property Type	Max LTV/CLTV	Max Loan Amount	Minimum Credit Score	Max 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 & attached) or Manufactured Housing.

² Enact utilizes the DTI excluding the mortgage insurance 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.

Eligibility	In addition to Approve/Eligible and Accept/Eligible loans, the following GSE AUS recommendations or risk classifications may be eligible for Simply Underwrite: <ul style="list-style-type: none"> Approve/Ineligible for HomePath[®] Property See Simply Underwrite sections 4.1 and 6.1 in the <i>Underwriting Guidelines</i> for complete details HomeReady[®] and Home Possible[®] are eligible for Simply Underwrite. For more information, see section 4.2 in our <i>Underwriting Guidelines</i>.
Exclusions from Simply Underwrite	<ul style="list-style-type: none"> Lender-negotiated guideline variances, waivers or programs unless approved by Enact.
Other Underwriting Requirements	<ul style="list-style-type: none"> Enact does not insure the following: Properties located in Guam, Puerto Rico and Virgin Islands Follow sections 4.1 and 6.1 Simply Underwrite requirements in our <i>Underwriting Guidelines</i> 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

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Standard Guidelines

Eligibility Recap

Standard Guidelines apply to loans that are not eligible for **Simply Underwrite**. Contact your sales representative or the ActionCenter® at 800-444-5664 with any questions.

Effective January 10, 2022

Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ²				
Property Type	Max LTV/CLTV	Max Loan Amount ¹	Min Credit Score	Max DTI ³
Single family (detached & attached), Condominiums, Cooperatives	97%	\$1,000,000	620	50%
Manufactured Housing	95%	\$647,200	620	50%
2 units	95%	\$828,700	620	50%
3 units	95%	\$1,001,650	700	45%
4 units	95%	\$1,244,850	700	45%
Primary Residence - Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	90%/NA	\$647,200	700	45%
	85%/NA	\$647,200	620	50%
	85%/NA	\$1,000,000	720	45%
Second Home – Purchase, Rate/Term Refinance & Construction-to-Permanent ²				
Single family (detached & attached), Condominiums, Cooperatives	90%	\$647,200	620	50%
	90%	\$1,000,000	700	45%
Manufactured Housing	90%	\$647,200	620	50%
Second Home – Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	85%/NA	\$1,000,000	740	45%
Investment Property – Purchase & Rate/Term Refinance				
Single family (detached & attached), Condominiums	85%/NA	\$1,000,000	700	45%

¹ Maximum loan amounts in AK & HI are \$1,000,000 for 1 unit and \$1,244,850 2- 4 units.

² Construction-to-Permanent is ineligible for property types other than Single family (detached & attached) 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.

Other Underwriting Requirements	<ul style="list-style-type: none"> Loans may be underwritten using delegated underwriting authority, as allowed, or submitted for Enact underwriting Maximum cash-out amount: \$250,000
Note	References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits

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Simply Underwrite[®] Eligibility Recap for Credit Union

Simply Underwrite applies to eligible loans with a Desktop Underwriter[®] recommendation or Loan Product Advisor[®] risk classification. Contact your sales representative or the ActionCenter[®] at 800-444-5664 with any questions.

Effective January 10, 2022

Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ¹				
Property Type	Max LTV/CLTV	Max Loan Amount	Minimum Credit Score	Max 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

¹Construction-to-Permanent is ineligible with property types other than single family (detached & attached) or Manufactured Housing.

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

³Manufactured 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

Eligibility	<p>In addition to Approve/Eligible and Accept/Eligible loans, the following GSE AUS recommendations or risk classifications may be eligible for Simply Underwrite:</p> <ul style="list-style-type: none"> Approve/Ineligible for HomePath[®] Property See Simply Underwrite sections 4.1 and 6.1 in the <i>Underwriting Guidelines</i> for complete details HomeReady[®] and Home Possible[®] are eligible for Simply Underwrite. For more information, see section 4.2 in our <i>Underwriting Guidelines</i>.
Exclusions from Simply Underwrite	<ul style="list-style-type: none"> Lender-negotiated guideline variances, waivers or programs unless approved by Enact.
Other Underwriting Requirements	<ul style="list-style-type: none"> Enact does not insure the following: Properties located in Guam, Puerto Rico and Virgin Islands Follow sections 4.1 and 6.1 Simply Underwrite requirements in our <i>Underwriting Guidelines</i> 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	<p>References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits</p>

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Standard Guidelines

Eligibility Recap for Credit Unions

Standard Guidelines apply to loans that are not eligible for **Simply Underwrite**. Contact your sales representative or the ActionCenter® at 800-444-5664 with any questions.

Effective January 10, 2022

Primary Residence – Purchase, Rate/Term Refinance & Construction-to-Permanent ²				
Property Type	Max LTV/CLTV	Max Loan Amount ¹	Min Credit Score	Max DTI ³
Single family (detached & attached), Condominiums, Cooperatives	97%	\$1,000,000	620	50%
Manufactured Housing	95%	\$647,200	620	50%
2 units	95%	\$828,700	620	50%
3 units	95%	\$1,001,650	700	45%
4 units	95%	\$1,244,850	700	45%
Primary Residence - Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	90%/NA	\$647,200	700	45%
	85%/NA	\$647,200	620	50%
	85%/NA	\$1,000,000	720	45%
Second Home – Purchase, Rate/Term Refinance & Construction-to-Permanent ²				
Single family (detached & attached), Condominiums, Cooperatives	90%	\$647,200	620	50%
	90%	\$1,000,000	700	45%
Manufactured Housing	90%	\$647,200	620	50%
Second Home – Cash-Out Refinance				
Single family (detached & attached), Condominiums, Cooperatives	85%/NA	\$1,000,000	740	45%
Investment Property – Purchase & Rate/Term Refinance				
Single family (detached & attached), Condominiums	85%/NA	\$1,000,000	700	45%
Other Underwriting Requirements	<ul style="list-style-type: none"> Loans may be underwritten using delegated underwriting authority, as allowed, or submitted for Enact underwriting Maximum cash-out amount: \$250,000 			
Note	References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits			

¹ Maximum loan amounts in AK & HI are \$1,000,000 for 1 unit and \$1,244,850 for 2 - 4 units.

² Construction-to-Permanent is ineligible for property types other than Single family (detached & attached) 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.

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Simply Underwrite[®]

Eligibility Recap for Housing Finance Agencies

Simply Underwrite applies to eligible loans with a Desktop Underwriter[®] recommendation or Loan Product Advisor[®] risk classification. Contact your sales representative or the ActionCenter[®] at 800-444-5664 with any questions.

Effective January 10, 2022

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		Agency Base Conforming		
4 units		Agency Base Conforming		

¹ Construction-to-Permanent is ineligible with property types other than Single family (detached & attached) or Manufactured Housing.

² Enact utilizes the DTI excluding the mortgage insurance 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

Eligibility	<p>In addition to Approve/Eligible and Accept/Eligible loans, the following GSE AUS recommendations or risk classifications are eligible for Simply Underwrite:</p> <ul style="list-style-type: none"> Approve/Ineligible for HomePath[®] Property See Simply Underwrite sections 4.1 and 6.1 of the <i>Underwriting Guidelines</i> for complete details
Desktop Underwriter: HFA Preferred[™] or HomeReady[®]	<ul style="list-style-type: none"> Loan must be processed in DU[®] as either HFA Preferred[™] or HomeReady[™], according to Fannie Mae's directions Follow Fannie Mae's published program guidelines for HFA Preferred or HomeReady through DU and <i>Exclusions from Simply Underwrite for HFAs</i> found in this chart.
Loan Product Advisor: Home Possible[®], or HFA Advantage[®]	<ul style="list-style-type: none"> Loan must be processed in Loan Product Advisor with the applicable Home Possible[®], or HFA AdvantageSM offering identifiers Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines and <i>Exclusions from Simply Underwrite for HFAs</i> found in this chart.
Eligibility Exclusions	<ul style="list-style-type: none"> Lender-negotiated guideline variances, waivers or programs unless approved by Enact
Other Underwriting Requirements	<ul style="list-style-type: none"> Enact does not insure the following: Properties located in Guam, Puerto Rico and Virgin Islands Follow sections 4.1 and 6.1 Simply Underwrite in our <i>Underwriting Guidelines</i> for complete details 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	<p>References to FHFA (Federal Housing Finance Agency) pertain to HERA High-Cost Areas Loan Limits which can be found at FHFA Loan Limits</p>

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Standard Guidelines

Eligibility Recap for Housing Finance Agencies

Standard Guidelines apply to loans that are not eligible for HFA Simply Underwrite. Contact your sales representative or the ActionCenter® at 800-444-5664 with any questions.

Effective January 10, 2022

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%	\$1,000,000	620	50%
Manufactured Housing	95%/105%	\$647,200	620	50%
2 units	95%/105%	\$828,700	620	50%
3 units	95%/105%	\$1,001,650	700	45%
4 units	95%/105%	\$1,244,850	700	45%

¹ Maximum loan amounts in AK & HI are \$1,000,000 for 1 unit, \$1,244,850 for 2 – 4 units.

² Construction-to-Permanent is ineligible with property types other than Single family (detached & attached) 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.

HFA Preferred or HomeReady	Follow Fannie Mae's published program guidelines for manually underwritten HFA Preferred or HomeReady loans
Home Possible or HFA Advantage Mortgages	Follow Freddie Mac's published Home Possible or HFA Advantage program guidelines for manual underwriting

For loans other than HomeReady, HFA Preferred or Home Possible or HFA Advantage that are eligible through an HFA program, follow the LTV/Loan Limit/Score eligibility grid above and the remaining guidelines below.

Documentation	<ul style="list-style-type: none"> Full documentation for credit, income, employment and assets 1 unit & DTI < 45%: 1% minimum borrower contribution. 1 unit & DTI > 45%: 3% minimum borrower contribution.
Minimum Borrower Contribution	<p>Notes:</p> <ul style="list-style-type: none"> Borrower's minimum contribution can be met by acceptable sources per GSE guidelines, including personal gifts, gifts of equity, donations from entities, funds from employer assistance programs and Community Seconds®/Affordable Seconds®. 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) 2 - 4 units: Minimum 3% borrower contribution
Subordinate Financing	<ul style="list-style-type: none"> Subordinate financing must meet Fannie Mae's Community Seconds or Freddie Mac's Affordable Seconds guidelines
Reserves	<ul style="list-style-type: none"> Purchase, 1-unit: 2 months 2 – 4 units: 6 months
Loan Type	<ul style="list-style-type: none"> Fixed rate/fixed payment Fully amortizing ARMs, with initial adjustments > 1 year Temporary buydowns Ineligible: Balloons
Valid Credit Score	<ul style="list-style-type: none"> Minimum of three (3) tradelines / credit references, open or closed, that have been evaluated at least 12 months Credit references may be a combination of tradelines, traditional or nontraditional credit At least one borrower on the loan must have a valid credit score. See section 7.5 of Underwriting Guidelines.
Nontraditional Credit	<ul style="list-style-type: none"> Maximum 95%/105% LTV/CLTV. Max 41% DTI. 1 unit. Loans may be submitted on a delegated or non-delegated basis.
Standard Guidelines	<ul style="list-style-type: none"> Applies to loans that are not eligible for Simply Underwrite, including manually underwritten loans without a GSE automated underwriting system recommendation/risk classification May be underwritten as delegated, as allowed, or submitted for Enact underwriting Must meet the underwriting criteria found within our Underwriting Guidelines

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