

Servicer Delegated Workout Program Parameters

May 2022

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Under the Servicer Delegated Workout Program, Enact authorizes Servicers to decision most retention & liquidation workouts for loans that are serviced by them and insured by Enact.

1.0 Requirements

This delegation is subject to the following requirements:

- Standard workout packages and documentation are required for all borrowers liable for the mortgage.
- Borrower must be experiencing a legitimate hardship. (See Section 1.1 below)
- Servicers are required to report to Enact all workouts decided as *approved*, *failed* or *closed* as specified in section 10B of the Enact Default Management Servicing and Reporting Guide.

Refer to:

<https://Servicing.EnactMI.com/pdfu/Default%20Management%20Servicing%20and%20Reporting%20Guide.pdf>

- Servicer must meet investor guidelines for all workout approvals.
- All other guidelines as outlined in Enact's master policy, Lender Servicing and Delinquency Reporting Guide and the applicable Default Management Servicing Guide must be followed.

Refer to <https://Servicing.EnactMI.com/Publications/Default.aspx>.

- Servicers who comply with the requirements of the CFPB Rule and GSE Guidelines for servicing activities occurring on or after January 10, 2014 will be in compliance with the Default servicing requirements of this Guide.
- Periodic reviews will be conducted to determine workout program compliance. (See Section 9.0)

1.1 Acceptable Hardships

Acceptable "hardships" include, but are not limited to, the following

- Death of a borrower or primary wage-earner
- Disability or illness
- Disaster
- Divorce
- Excessive credit obligations
- Forced relocation
- Reduced income
- Unemployment

2.0 Foreclosure Postponement

- Foreclosure Initiation Postponement: If a workout is in process, initiation of foreclosure may be delayed up to 30 days from receipt of the workout package.
- Foreclosure Sale Postponement: Servicer is delegated to postpone a foreclosure sale within 30 calendar days of the foreclosure sale to pursue reasonable loss mitigation or Workout opportunities.

3.0 Retention Delegated Workout Parameters

Enact authorizes Servicers to decision the following retention workouts within these parameters:

3.1 Forbearance Plan

The forbearance plan term may not exceed 12 months. Any forbearance plan extending beyond the initial 12 months (including re-approvals) must be submitted to Enact for approval via encrypted email at HOA@EnactMI.com.

3.2 Repayment Plan

The repayment plan term may not exceed 12 months. Any repayment plan extending beyond 12 months must be submitted to Enact for approval via encrypted email at HOA@EnactMI.com.

3.3 Payment Deferral

Enact authorizes Servicers to decision payment deferrals within these parameters:

Fannie Mae and Freddie Mac Investor

If the terms of the payment deferral comply with GSE Guidelines, the Servicer may proceed as delegated.

Bank-Owned and Private Bank Investor

For non-GSE loans, there are two options that are delegated:

1. If the terms of the payment deferral comply with GSE Guidelines, the Servicer may proceed as delegated.
2. If the terms of the payment deferral comply with the parameters below, the Servicer may proceed as delegated.
 - Payment deferral of up to 12 months of P&I payments
 - May be recouped as a balloon payment or by extending the term up to 12 months
 - Any deferred P&I must remain as part of the original mortgage
 - In the event of a valid claim, the deferred P&I will be covered with no additional interest
 - Borrower is/was current prior to the COVID-19 hardship
 - Servicer documents the borrower's attestation that the hardship is due to COVID-19
 - At the time of payment deferral, the borrower may be current or up to 12 months in default

3.4 Loan Modification

The modification terms may include any of the following:

- Delinquent loans or Imminent Default loans, as defined by GSEs
- Capitalized amounts (will be insured but limited to interest in arrears, legal fees and costs and claimable advances)
- Change of rate
- Change of term - up to 480 months
- Principal forbearance
- Principal forgiveness

The number of times a loan is modified does not affect the delegation.

Refer to Enact's Delegated Workout webpage at <https://Servicing.EnactMI.com/DelegatedWorkout/Default.aspx> for the most recent list of Industry/Investor approved modification programs.

Loan level exceptions to any of the above modification parameters should be forwarded via encrypted email to HOA@EnactMI.com or through our Secure Submission tool at: Servicing.EnactMI.com.

Modification Program Reviews: Enact will review servicer modification programs with terms exceeding Enact's delegated parameters or no-doc modification programs to determine acceptability and/or delegated eligibility. Submit the written program guidelines to Enact for consideration via email to HOA@EnactMI.com.

4.0 Liquidation Delegated Workout Parameters

Enact authorizes Servicers to decision the following liquidation workouts within these parameters:

Fannie Mae and Freddie Mac Investor

Enact has delegated approval authority to Fannie Mae and Freddie Mac for short sale and deed-in-lieu workouts. Therefore, follow GSE guidelines. Although Enact's approval is not required for Fannie Mae or Freddie Mac loans, please reference section 10B of the Enact Default Management Servicing and Reporting Guide for reporting requirements.

Refer to:

<https://Servicing.EnactMI.com/pdfu/Default%20Management%20Servicing%20and%20Reporting%20Guide.pdf>

Bank-Owned and Private Bank Investor

Enact authorizes Servicers to decision most Liquidation workouts as specified under Sections 4.1 Short Sale and 4.2 Deed-In- Lieu

4.1 Short Sale *(Bank-owned and Private Bank Investor only)*

Enact requirements for Short Sale activities have aligned with GSE Default Servicing Requirements (GSE Guidelines) implemented 09/01/2019. Therefore, if the terms of the Short Sale comply with GSE Guidelines, servicer may proceed as Delegated.

Other Requirements:

- If there is no investor loss, the minimum net-to-value requirement is 85%.
- Interior property valuation must be obtained within 180 days of short sale approval.
- Any applicable second liens should be listed as a separate line item on the HUD-1.
- Short Sale cash contributions are to be paid at closing and listed as a separate line item on the HUD-1.
- Any cash contribution listed on the HUD-1 will be deducted from the verified claim for loss.
- No funds are to be paid directly to Enact.

If a Short Sale does not meet the above requirements, please submit the complete workout package via our Secure Submission tool at: [Servicing.EnactMI.com](https://servicing.enactmi.com) or via encrypted email to HOA@EnactMI.com

4.2 Deed-in-Lieu of Foreclosure *(Bank-owned and Private Bank Investor only)*

Enact requirements for Deed-in-Lieu activities have aligned with GSE Default Servicing Requirements (GSE Guidelines) implemented 09/01/2019. Therefore, if the terms of the Deed-in-Lieu comply with GSE Guidelines, servicer may proceed as Delegated.

Other Requirements:

- Any cash contribution will be deducted from the verified claim for loss.
- No funds are to be paid directly to Enact.
- Interior property valuation must be obtained within 180 days of deed-in-lieu approval.

If a Deed-in-Lieu does not meet these requirements, please submit the complete workout package via our Secure Submission tool at: [Servicing.EnactMI.com](https://servicing.enactmi.com) or via encrypted email to HOA@EnactMI.com

5.0 Deficiency Rights

If a Servicer approves a liquidation workout utilizing Enact delegation, Enact waives deficiency rights. For workouts that fall *outside* Enact's Delegated Parameters which require submission to Enact for review, Enact may at its discretion pursue a deficiency where allowed by law.

6.0 Delegated Loan Level Exceptions

Workouts that do not meet the Enact delegated parameters require our approval prior to implementation. Submit the workout package via encrypted email to HOA@EnactMI.com or through our Secure Submissions tool at [Servicing.EnactMI.com](https://servicing.enactmi.com). Please indicate that it is an exception and where it falls outside the delegation.

7.0 Delegated Program Questions

For questions regarding the delegated program, email to HOA@EnactMI.com or call 800-455-0871.

8.0 Servicer Delegated Program Approvals

If the Servicer has a program that falls outside the Enact delegated parameters, the program specifics should be submitted in writing to Enact and delivered via email to HOA@EnactMI.com.

9.0 Program Compliance Review

Enact reserves the right to review the Servicer's performance periodically and to request workout documentation for evaluating the Servicer's adherence to Enact's delegated guidelines. This Delegated Workout Program Review will assess delegated program compliance and determine any servicer training needs. This delegation is conditioned upon the guidelines outlined in this document. Enact reserves the right to alter or discontinue this delegation at any time.

10.0 Master Policy Preservation of Rights

This authorization granted herein in no way constitutes any admission by Enact of liability under the master policy and Enact does not waive its rights under such policy.

Note: Enact reserves the right to discontinue delegation authority to servicers who fail to meet their responsibilities under Enact's Delegated Workout Program Parameters. Enact may curtail or deny claim payments where there was an incorrect delegated workout decision.