

CLAIM AND FORECLOSURE BIDDING SERVICING GUIDE

February 12, 2024



**Enact Mortgage Insurance Corporation Claim
and Foreclosure Bidding Servicing Guide
February 12, 2024**

This *Claim and Foreclosure Bidding Servicing Guide* (“the Guide”) replaces all previous Claim and Foreclosure Bidding Servicing Guides for claims filed on or after the effective date of this Guide. Please note that our Peak Portfolio Policy (MP 1920) has its own Claim and Foreclosure Bidding Servicing Guide.

Table of Contents

1) OVERVIEW AND INTRODUCTION	3
2) REQUIREMENTS FOR APPROPRIATE PROCEEDINGS.....	3
2A) COMMENCEMENT OF APPROPRIATE PROCEEDINGS	3
2B) FORECLOSURE TIMES AND REDEMPTIONS BY STATE	4
3) FORECLOSURE BIDDING INSTRUCTIONS	4
3A) GENERAL FORECLOSURE BIDDING INSTRUCTIONS	4
3B) E-BID (ACCESSING AND USING OUR FORECLOSURE BIDDING TOOL)	4
4) FILING A CLAIM	5
4A) WHEN TO FILE A CLAIM.....	5
4B) HOW TO FILE A CLAIM	5
4C) HOW TO SUBMIT SUPPORTING DOCUMENTS	6
4D) HOW TO CHECK A CLAIM STATUS.....	6
5) CLAIM REQUIREMENTS	6
5A) DOCUMENTS REQUIRED TO PERFECT A CLAIM.....	6
5B) SUPPORTING DOCUMENTATION	8
5C) CLAIMABLE ITEMS	9
5E) APPEAL OF CLAIM DENIAL OR REDUCTION OF INSURANCE BENEFIT	10
5F) PROTECTION AND PRESERVATION OF THE PROPERTY.....	10
5G) LISTING AND SALE OF REO PROPERTIES	11
5H) POLICY EXCLUSIONS	11
5I) CLAIMS CURTAILMENT METHODOLOGY.....	11
6) CLAIM SETTLEMENT METHODS.....	12
6A) SETTLEMENT OPTIONS	12
6B) EXPLANATION OF BENEFITS (EOB).....	12
7) CREDIBLE EVIDENCE	12
8) SUBROGATION AND DEFICIENCY JUDGMENTS.....	13

1) OVERVIEW AND INTRODUCTION

Enact has a Master Policy Resource Center on our corporate website at EnactMI.com/MasterPolicy-Info that contains resources and FAQ documents.

The Master Policy applicable to your loan (“the Policy”) sets forth the terms and conditions that govern mortgage insurance issued by Enact. Please refer to the applicable Policy for complete details. This Guide is intended to provide clarification, illustrative examples, and supplemental information on the requirements of the Policy. In the event the requirements of the Policy or this Guide are not followed, it may, in certain circumstances, result in cancellation of coverage, rescission, reduction in the Insurance Benefit, or Claim denial. If there is a conflict between this Guide and the Policy, the terms and conditions of the applicable Policy will control. For ease of reference, capitalized terms used in this Guide have the meanings set forth in MP 1980.

We understand the importance of reliable and timely payment of Claims and we are providing this Guide so that you can better understand the process and requirements for:

- Commencement and completion of Appropriate Proceedings
- Foreclosure bidding
- Filing a Claim
- Claim settlement
- Claim curtailment
- Supplemental Claims
- Appeal of Claim denial or reduction of Insurance Benefit

In addition to this Guide, Enact has other resources available to assist Servicers. Visit the [Publications](#) section of our Servicing Website to access Enact’s (i) Default Management Servicing and Reporting Guide for Default servicing and delinquency reporting requirements and (ii) Lender Servicing Guide for information related to activation, maintenance and cancellation of MI coverage. In addition to links to all Enact servicing guides, this website contains current announcements and links to servicing forms.

We are pleased to provide additional assistance should you have any questions or comments regarding this Guide or the Policy. Please contact the Enact ActionCenter at 800-444-5664 or via email at Action.Center@EnactMI.com. The ActionCenter is staffed from 8 a.m. to 8 p.m. Eastern Time to provide you with any support you may need.

2) REQUIREMENTS FOR APPROPRIATE PROCEEDINGS

2A) COMMENCEMENT OF APPROPRIATE PROCEEDINGS

Foreclosure should commence within 30 days after the loan remains in Default for six (6) consecutive months, unless GSE guidelines, the Consumer Financial Protection Bureau’s Mortgage Servicing Rule (“CFPB Rule”) or applicable law provide otherwise. Enact reserves the right to direct the Servicer to commence foreclosure earlier and in accordance with the Policy terms, subject to applicable law.

2B) FORECLOSURE TIMES AND REDEMPTIONS BY STATE

Appropriate Proceedings must be diligently pursued and completed in accordance with applicable law and GSE state foreclosure timelines. Any foreclosure delays must be permitted by GSE Guidelines, the CFPB Rule or applicable law and documented in the Servicing File.

3) FORECLOSURE BIDDING INSTRUCTIONS

3A) GENERAL FORECLOSURE BIDDING INSTRUCTIONS

Servicers are required to follow bidding instructions issued by Enact unless the investor is a GSE. For GSE loans, we require Servicers to follow GSE bidding instructions. Failure to follow proper bidding instructions may result in adjustments to the Claim Amount.

For questions regarding foreclosure bidding, contact the Claims Department at 800-334-9270 or Claims@EnactMI.com.

3B) E-BID (ACCESSING AND USING OUR FORECLOSURE BIDDING TOOL)

To Access Enact's Foreclosure Bidding Tool:

1. Go to Servicing.EnactMI.com
2. Enter your Username and Password and select Login

New to the Site? Call the ActionCenter at 800-444-5664 to obtain login credentials

3. Select Delinquency Reporting and Claims
4. Select e-Bid

Note: As mentioned above, if a GSE is the investor of the loan, use GSE foreclosure bidding instructions.

Using e-Bid

1. Enter the Certificate number requiring an e-Bid and click Search
 - Certificate information displays for confirmation (name, address, and coverage percentage)
2. Verify loan information and click Submit
3. Enter the requested information
 - Current Property Value: from recent appraisal, broker price opinion (BPO) or sheriff appraisal amount**
 - Total debt including all fees: unpaid principal balance (UPB), interest, expenses, etc.
 - Scheduled foreclosure sale date (enter the correct date if incorrect or blank)
 - Property damage beyond normal wear and tear
 - Depreciating area
 - Add comments as necessary

** Note: if there is a variance between the current value and the Original Value, select the appropriate reason for the variance.

4. Click Submit
 - An e-Bid or comment that indicates who to contact for further instructions appears

4) FILING A CLAIM

4A) WHEN TO FILE A CLAIM

MP 1980

In order to file a Claim, one (1) of the following conditions must be met:

- Completion of the foreclosure sale of the Property, regardless of whether certification, confirmation or ratification of the sale has occurred
- Conveyance of title to the Property by execution and acceptance of a deed-in-lieu of foreclosure
- Closing of a Third-Party Sale by the Borrower

You must file a Claim within 60 days of the first to occur of the conditions identified above.

All Other Policies

In order to file a Claim, one (1) of the following conditions must be met:

- Conveyance of title to the Property by foreclosure or deed-in-lieu of foreclosure
- Closing of a Third-Party Sale by the Borrower

You must file a Claim within 60 days of the first to occur of the conditions identified above.

If there is a redemption, confirmation or ratification period, you have the option to file the Claim any time after the foreclosure sale date, but no later than 60 days after the expiration of that period.

If you do not file a Claim by the deadline, we are not obligated to include in the Claim Amount any interest accrued or Advances you paid after the deadline passed. If the applicable Policy for the loan is either MP 1480 or MP 1980, and if the Claim is submitted more than 120 days after the expiration of the deadline, we may deny the Claim.

4B) HOW TO FILE A CLAIM

EDI	Industry Standard EDI 260 Claims Transaction
Website	Servicing.EnactMI.com

For questions regarding claim filing, contact the Claims Department at 800-334-9270 or Claims@EnactMI.com.

4C) HOW TO SUBMIT SUPPORTING DOCUMENTS

Website	Servicing.EnactMI.com
Email	ClaimsSupportDocsOnly@EnactMI.com *

*Please do not submit Claim for Loss forms to this address. It is for supporting documents only.

4D) HOW TO CHECK A CLAIM STATUS

To check the status of a submitted claim and validate claim perfection date, please access our Claims on the Web (COW) for updates.

Website	Servicing.EnactMI.com/COW
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5) CLAIM REQUIREMENTS

5A) DOCUMENTS REQUIRED TO PERFECT A CLAIM

In order to perfect a Claim, you will need to submit the Core Claim Documents listed below. Copies of documents are acceptable, unless otherwise noted. It is important that the Servicer include complete documentation and activity notes from all applicable systems in order to perfect the Claim.

Please be aware that incomplete documentation may cause a delay in processing the Claim and may also result in a reduction of the Insurance Benefit. If the Claim is not perfected within 120 days following the receipt of the initial Claim, the Claim will be denied, subject to certain exceptions set forth in the Policy.

Please contact us if you have any questions about Claim documentation.

Core Claim Documents

- Complete Servicing File including:
 - Workout and loss mitigation activities
 - Bankruptcy, collections, legal and foreclosure activity
 - Previous and current Servicer activity
- Foreclosure chronology
 - Prepared by foreclosure attorney or agent
 - Include documentation of any delays in pursuing and completing Appropriate Proceedings
- Attorney invoices
- Loan payment history from origination to Claim filing reflecting principal and escrow balances, and including forbearance and modification details, if applicable
- Evidence of title transfer and supporting documentation (see following chart)

Documentation for Title Transfer

Type of Title Transfer	Document Requirements
Foreclosure	<ul style="list-style-type: none"> Executed foreclosure deed, regardless of whether certification, confirmation, ratification or expiration of redemption of the sale has occurred Evidence of Sheriff's deposit amount and all sale-related expenses (including those debited against the deposit), if applicable BPO or appraisal dated within 120 days of the issuance of bidding instructions or the sale date
Sale of the Property to a third party at a Foreclosure or trustee sale	<ul style="list-style-type: none"> Copy of third-party proceeds check or other satisfactory evidence of proceeds received Bidding information including instructions and final bid BPO or appraisal dated within 120 days of the issuance of bidding instructions or the sale date
Property Redemption (before or after Claim settlement)	<ul style="list-style-type: none"> Notification of Property redemption and date redemption occurred Copy of Property redemption proceeds check, or other satisfactory evidence of proceeds received
Deed-in-Lieu of Foreclosure	<ul style="list-style-type: none"> Copy of deed transferring property Deed-in-lieu approval letter BPO or appraisal dated within 120 days of the deed-in-lieu approval Borrower contribution information including original promissory note, if applicable
Third-Party Sale (Pre-foreclosure or post foreclosure)	<ul style="list-style-type: none"> Sale approval letter Borrower contribution information including original promissory note, if applicable Signed or certified as true copy of original final closing disclosure BPO or appraisal dated within 120 days of the list date, sale approval date, or sale date

In addition, we may also request the following in order to assess whether we will elect the Acquisition Option:

- Property Access: Upon our request, the Servicer is required to provide Enact with access to the Property.

If we elect the Acquisition Option, we will request the following:

- Recordable but not yet recorded deed transferring good and marketable title to Enact Mortgage Insurance Corporation
- Possession of the Property
- Any other documents necessary to complete the transfer of title of the Property to us

5B) SUPPORTING DOCUMENTATION

If applicable, the following documentation is also required:

- Documentation related to any Advances or expenses paid above published normal and customary limits
 - Enact's normal and customary limits are available on the [Publications](#) section of our Servicing Website
- Bankruptcy documents, including filing and relief/release/discharge dates
- Modification agreements in effect at the time of loan Default, complete with signatures
- Copy of signed origination note
 - Required for all pay-option adjustable rate mortgages (ARMs) or loans with negative amortization
 - To be provided upon request for all other loan types
- Veterans Affairs (VA)/Federal Housing Administration (FHA) Proceeds
- If non-GSE loan, documentation demonstrating the amount of consideration the Beneficiary paid to acquire the loan (e.g., loan purchase agreement)
- Address verification documents, such as origination appraisal or copy of original note, upon request
- Documentation related to Appropriate Proceedings
- Servicemember's Civil Relief Act (SCRA) documents including qualification documentation
- For GSE pool or second layer coverage, a copy of the primary Claim settlement check and settlement letter
- If GSE pool or second layer coverage and the primary insurance was cancelled due to the loan-to-value (LTV) falling below 80%, a copy of the original appraisal and a copy of the interior BPO or appraisal showing the value that the cancellation was based on

Please note: We may also request additional documents including the complete Origination File to evaluate first party (lender or lender's agent) misrepresentation or Pattern Activity as well as to review amounts claimed or to evaluate events between loan origination and Claim filing or any other purpose permitted under the Policy.

The loan Origination File and Servicing File for each loan must be complete and accurate and must be maintained in accordance with applicable law and regulatory guidelines. A complete loan payment history, with escrow account details from origination date to Claim filing date, must be maintained in accordance with the Policy or applicable law.

For additional information, the ActionCenter is available at 800-444-5664.

5C) CLAIMABLE ITEMS

Examples of Items Included in the Claim Amount

- Unpaid principal balance due under the loan as of the date of Default
- Accrued interest due, calculated at the Contract Rate (up to the maximum allowed per the Policy)
- Allowable Advances paid by the Servicer or Beneficiary during the time period specified in the Policy, for example:
 - Reasonable and customary Property insurance premiums
 - Real estate taxes and assessments, not to include late fees or other penalties
 - Reasonable and customary Property preservation expenses
 - Condominium fees/homeowner's association dues
 - Customary court costs and other reasonable expenses incurred in Appropriate Proceedings, including reasonable attorney fees up to the maximum allowed per the Policy

Late fees or other penalties are not claimable.

Examples of Items Deducted from the Claim Amount:

- Amounts remaining in escrow that the Servicer or Beneficiary is entitled to as of the last loan payment date
- Rent and other payments received before filing the Claim
- Insurance proceeds or premium refunds received by you or the Borrower but not applied to the loan or restoration of the Property
- Other funds received to reduce the total indebtedness

Please consult the Policy for complete information and details about the calculation of the Claim Amount or contact the Claims Department at 800-334-9270 or Claims@EnactMI.com for assistance or additional information.

5D) SUPPLEMENTAL CLAIMS MP

1980

Within 90 days after payment of an Insurance Benefit, the Servicer or Beneficiary will be entitled to submit a supplemental Claim for allowable Advances actually paid by the Servicer or Beneficiary if such Advances were:

- Incurred prior to the date the initial Claim was submitted, but not included in the initial Claim or
- Incurred after the date the initial Claim was submitted and during any period for which accrued and unpaid interest would be included pursuant to the applicable Claim settlement option.

MP 1480

Within 90 days after payment of an Insurance Benefit, the Servicer or Beneficiary will be entitled to submit a supplemental Claim for allowable Advances:

- Incurred prior to the date the initial Claim was submitted and
- Actually paid by the Servicer prior to the submission of the supplemental Claim, but not included in the initial Claim

All Other Policies

Within 90 days after payment of the Claim, the Insured shall be entitled to submit a supplemental Claim in an amount equal to allowable advances made prior to the date we received the initial Claim that were not included in the initial Claim.

5E) APPEAL OF CLAIM DENIAL OR REDUCTION OF INSURANCE BENEFIT

The Servicer or Beneficiary has the right to appeal any Claim curtailment, Claim denial, Certificate cancellation or rescission within 120 days of our decision for Certificates issued under MP 1480 and MP 1980. Please check your Commitment/Certificate of Insurance for your applicable policy form number. The Servicer or Beneficiary must provide all information and documentation necessary for evaluation of the request within the appeal period.

Appeals due to a reduction in the Insurance Benefit should include a Supplemental Claim for Loss Form. Please note that in many cases a reduction in the Insurance Benefit is due to Enact not receiving complete documentation with the initial Claim submission; for example, the complete Servicing File.

Please submit your Supplemental Claim for Loss form through the same submission channels outlined in Section 5c) How to File a Claim. Supporting documentation for the appeal may be submitted via email to ClaimsAppeals@EnactMI.com.

5F) PROTECTION AND PRESERVATION OF THE PROPERTY

In order to protect the Insured's or Beneficiary's rights under the Policy, the Servicer should determine the occupancy status and condition of the Property immediately following the conveyance of the Property title to the Insured. Also, the Servicer should take appropriate measures to assure good and marketable title and that the Property is preserved and protected. Therefore, you must pay Advances related to a loan when they become due unless prohibited by law, for example:

- Reasonable and customary hazard and flood insurance premiums
- State and local taxes, assessments and other public charges imposed on the Property
- Condominium fees, homeowner association dues, co-op maintenance fees
- Reasonable expenditures to complete Appropriate Proceedings
- Reasonable attorney fees up to the maximum allowed per Policy
- Reasonable and customary expenses necessary for the protection and preservation of the Property

Although prior approval for Advances is not required by Enact, the Servicer is encouraged to obtain prior approval since we may disallow certain Advances if in our judgment the Advances were not reasonable and customary.

5G) LISTING AND SALE OF REO PROPERTIES

Once the Property is vacated, the Servicer should obtain a current BPO or appraisal and list the Property for sale at fair market value as soon as possible.

Any purchase offers received prior to the settlement of the Claim must be presented to Enact for approval or rejection along with an interior appraisal or BPO including interior photographs and any repair addendums dated no more than 180 days from the list date or sale approval request date. To expedite the evaluation of the offer, please email the offers details to REOSaleApprovals@EnactMI.com. Within 10 business days of receiving a request for approval of a purchase offer, we will approve or deny the request. If additional information is needed to evaluate the request, we will deny the request within 10 business days and indicate the additional information that is required. If we do not respond within this timeframe, the request is deemed to be approved.

MP 1480 and 1980

Please note that a delay in timely listing properties for sale or presenting purchase offers to Enact may result in a Claim denial or a reduction in the Insurance Benefit due to an adjustment of any interest and Advances accruing during the period of delay.

5H) POLICY EXCLUSIONS

Please see the Policy for a list and detailed explanation of coverage exclusions under which Enact may cancel, rescind, or deny coverage, or reduce the Insurance Benefit.

Please note that we will deny any Claim that is not perfected within 120 days following submission of the initial Claim. See Section 6e) Appeal of Claim Denial or Reduction of Insurance Benefit for information about appealing a Claim denial.

If you have any questions about coverage exclusions, please contact the Claims Department at 800-334-9270 or Claims@EnactMI.com for additional information.

5I) CLAIMS CURTAILMENT METHODOLOGY

Reduction of Interest and advances

When a Servicer does not meet the requirements and timelines in the Policy, Enact may adjust the Claim Amount by deducting interest and Advances corresponding to the number of days that an activity was required but did not occur. For example:

- If a Claim is submitted after the 60-day period set forth in Section 5a) When to File a Claim, we may adjust from the Claim Amount any interest accruing and Advances incurred after such 60-day period.

For other conditions that may affect the Insurance Benefit, please refer to the governing Policy.

Any reduction or adjustment to the Claim Amount will be itemized in the Explanation of Benefits supplied with the Insurance Benefit payment.

Loss Mitigation Review

When loss mitigation activity efforts do not comply with the Default Management Servicing and Reporting Guide, GSE Guidelines and the CFPB Rule, Enact will determine the estimated resulting damage and may adjust the Claim accordingly.

For example, if the GSE Guidelines require a certain loss mitigation activity to occur by day 60 of the Default, but the Servicer does not engage in that activity until day 90, we may reduce the Claim Amount by deducting 30 days of interest and Advances. Any reduction will be itemized in the Explanation of Benefits supplied with the Insurance Benefit payment.

For further information regarding servicing of a loan in Default, please see the Default Management Servicing and Reporting Guide.

6) CLAIM SETTLEMENT METHODS

6A) SETTLEMENT OPTIONS

Enact may select from the following Claim settlement options when settling the Claim, as specified in the applicable Policy:

- Percentage Option
- Third-Party Sale Option
- Acquisition Option
- Anticipated Loss Option

Please consult the Policy for complete details about the Claim settlement options or contact the Claims Department at 800-334-9270 or Claims@EnactMI.com for additional information.

6B) EXPLANATION OF BENEFITS (EOB)

The Explanation of Benefits (EOB) provides a categorized itemization of a Claim settlement. If adjustments are made to the Insurance Benefit, an explanation for the adjustment is provided. An EOB is provided with each Claim settlement.

7) CREDIBLE EVIDENCE

If your loan has been submitted and approved for coverage under Enact's Your Choice Coverage (YCC) program, please see our Rescission Relief Guide.

MP 1980

Enact must have Credible Evidence of a Significant Defect in order to rescind coverage on a Certificate. A Significant Defect is a Defect existing on the Certificate Effective Date that would have made the loan ineligible for insurance. For more information, please see the definition of Significant Defect in the Policy.

MP 1480

Enact must have Credible Evidence of an Eligibility Criteria Violation, first party misrepresentation, or Pattern Activity in order to issue a Rescission Notice rescinding coverage on a Certificate. For more information, please see the definitions in the Policy.

MP 1480

Examples of Credible Evidence include, but are not limited to any one or more of the following:

- A review appraisal indicates a variance of fifteen percent (15%) or more in the value of the Property as compared to the Original Value and there is evidence that the appraiser manipulated or selectively utilized information in producing the appraisal that established the Original Value (e.g., if the sales history of the subject Property or its relation to comparable properties is misrepresented)
- Verification of origination documentation generated by a first party that was confirmed to be falsified. For example: verification of employment, verification of assets, verification of rent
- Any situation where a straw buyer is presented as the Borrower for purposes of qualifying an otherwise unqualified Borrower if it can be shown the first party was aware of the straw buyer
- Any situation where the Borrower has presented false identification where it can be shown a first party was aware
- An investigation by regulators or law enforcement agencies has established that there was first party misrepresentation involving the loan
- A first party, the Servicer, Insured, third-party Beneficiary, or owner of the loan has reported first party misrepresentation to Enact
- The loan has been repurchased as a result of first party misrepresentation
- The final HUD-1/Closing Disclosure indicates that the Borrower received interested party contributions that exceeded the guideline limit
- The final HUD-1/Closing Disclosure indicates that the Borrower failed to make the required down payment at closing
- The final title report indicates an undisclosed second lien on the subject property

8) SUBROGATION AND DEFICIENCY JUDGMENTS

Enact is subrogated, upon payment of an Insurance Benefit, to the Insured's or Beneficiary's rights of recovery against the Borrower. Therefore, Enact may pursue a Borrower for its loss when permitted under applicable law.

The Servicer should foreclose and bid in a manner that protects the deficiency rights unless otherwise instructed by Enact. Please see the section of this Guide entitled 4) Foreclosure Bidding Instructions for bidding instructions.

Enact may request the Servicer to foreclose in a manner outside of the normal and customary state foreclosure process to preserve its rights of recovery (e.g., judicial foreclosure rather than non-judicial). All associated expenses incurred by the Servicer will be handled in accordance with the section of the Policy related to deficiency

judgments. If your pursuit of a deficiency judgment would increase the cost associated with a foreclosure, contact the Recovery Department at Recovery@EnactMI.com.

Should Enact elect to pursue a deficiency judgment against the Borrower, Enact or our designee may request that the Servicer and Beneficiary provide such information and execute and deliver such documents and instruments necessary to transfer, assign, and secure your subrogation rights.

Enact and the Beneficiary may jointly elect to pursue a deficiency judgment. In that case, all expenses associated with the preservation and pursuit of a deficiency judgment will be shared pro rata between Enact and the Beneficiary in accordance with the Policy.