

ANNOUNCEMENT

Underwriting Eligibility Updates

EFFECTIVE: DECEMBER 14, 2015

Essent is pleased to announce updates to our Underwriting Guideline Manual. Guideline changes will be effective for MI applications received on or after December 14, 2015. Details of these changes are outlined below.

Updated Guideline Summaries are attached with this announcement. The updated Underwriting Guideline Manual will be available on Essent's website (essent.us) on December 14, 2015.

HIGHLIGHTS OF CHANGES

Clear2Close® Eligibility Expansion

The Clear2Close® Guideline Summary has been updated in support of Fannie Mae's revised High-Balance Loan eligibility requirements as follows:

- Eligibility for 2-unit Primary Residences to Max. 85% LTV/CLTV
- Eligibility for Second Homes to Max. 90% LTV/CLTV
- Eligibility for Investment Property Purchases to Max. 85% LTV/CLTV

Affordable Housing/HFA Eligibility Expansion

The Affordable Housing/HFA Guideline Summary has been updated to reflect the following:

- Eligibility for Fannie Mae's HomeReady™ Mortgage program
- Min. FICO has been decreased to 720 from 740 for manually underwritten loans in which the borrower's minimum contribution is coming from gift funds per Agency guidelines
- Alignment of homebuyer education with the requirements of the applicable program

Submission Requirements for Affordable Housing/HFA Program

Affordable Housing/HFA Program loans must be properly identified for both Delegated and Non-Delegated submissions in the Essent Online MI Ordering System by selecting the appropriate program from the "Affordable Program" drop-down. This drop-down will be enhanced in the Essent Online MI Ordering System in January, 2016 to reflect HomeReady Mortgage as an available selection. In the interim, lenders should utilize the existing "MyCommunityMortgage®/Home Possible®" selection to identify both HomeReady Mortgage and MyCommunityMortgage loans.

For lenders who order Essent mortgage insurance directly through an LOS, please identify HomeReady Mortgage loans utilizing your existing method of identification for MyCommunityMortgage loans until such time as your specific LOS has been updated to reflect the HomeReady program.

If you have any questions regarding these changes and updates, please contact your Essent Account Manager.

MyCommunityMortgage® is a registered trademark, and HomeReady™ is a trademark of Fannie Mae.
Home Possible® is a registered trademark of Freddie Mac.

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For loans with a DU®/LP® response as follows:

- » DU Approve/Eligible or LP Accept/Eligible
- » DU/LP Approve/Accept Ineligible for:
 - LTVs 95.01% - 97%, where the ineligibility is due only to the LTV
 - ARMs with an initial fixed term ≥5 years, where the ineligibility is due only to the ARM plan/type

The following Essent overlays apply:

- » Manufactured Housing ineligible
- » Fannie Mae HomePath® Loans: LTV/CLTV >90% and Interested Party Contributions (IPC) >3% are ineligible

LOAN PURPOSE	PROPERTY TYPE	MAX. LTV/CLTV	MAX. LOAN AMOUNT	MIN. FICO	MAX. DTI
PRIMARY RESIDENCE					
Purchase or Rate/Term Refinance	Single Family/Condo/Co-op	97	\$417,000 AK & HI: \$625,500	620	Per DU/LP Approval
		95	\$625,500 (FHFA Max)		
	2-unit	95	\$533,850 AK & HI: \$800,775		
		85	\$800,775 (FHFA Max)		
Construction-to-Permanent	Single Family/Condo	95	\$417,000 AK & HI: \$625,500		
		90	\$625,500 (FHFA Max)		
SECOND HOME					
Purchase or Rate/Term Refinance	Single Family/Condo/Co-op	90	\$625,500 (FHFA Max)	620	Per DU/LP Approval
Construction-to-Permanent	Single Family/Condo				
INVESTMENT PROPERTY (6 Months PITI Reserves Required)					
Purchase	Single Family/Condo	85	\$625,500 (FHFA Max)	720	Per DU/LP Approval

NOTE: The minimum income/asset documentation requirements as per the DU/LP findings/feedback are permitted. All DU findings and LP feedback certificate conditions must be satisfied and the DU/LP decision must be present in the file. Loans with lender-negotiated guideline waivers/variances are deemed to be outside of Agency Selling Guide requirements and are thus ineligible.

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LOAN PURPOSE	PROPERTY TYPE	MAX. LTV	MAX. CLTV	MAX. LOAN AMOUNT	MIN. FICO DU® APPROVE/ LP® ACCEPT	MIN. FICO MANUAL U/W
PRIMARY RESIDENCE						
Purchase or Rate/Term Refinance	Single Family/Condo/Co-op	97	105	\$417,000 AK & HI: \$625,500	620	680
		95	105	\$417,000 AK & HI: \$625,500	620	660
	2-unit	95	105	\$533,850 AK & HI: \$800,775	620	660

AFFORDABLE HOUSING/HFA PRODUCT ELIGIBILITY REQUIREMENTS

Affordable Housing	Fannie Mae MyCommunityMortgage® (MCM)/HomeReady™ Mortgage or HFA Preferred™, Freddie Mac Home Possible®/ Home Possible Advantage™, other Housing Finance Agency (HFA) or approved Affordable Housing programs must meet the eligibility criteria as outlined within this matrix and the eligibility standards as outlined within the Underwriting Guideline Manual.
Submission Criteria	Applicable Affordable Program selection must be made in the Essent Online MI Ordering system

LOANS WITH A VALID DU/LP RESPONSE

DU/LP Scored Loans	<p>For DU/LP Approve/Accept Eligible loans and DU/LP Approve/Accept Ineligible loans for LTVs 95.01% - 97%, where the ineligibility is due only to the LTV, or ARMs with an initial fixed term ≥5 yrs. where the ineligibility is due only to the ARM plan/type, the DU/LP findings/feedback may be followed regarding:</p> <ul style="list-style-type: none"> Documentation Requirements Credit Requirements Debt-to-Income Ratio Reserve Requirements Borrower Contributions
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MANUALLY UNDERWRITTEN LOANS

Documentation Requirements	Documentation requirements as per the Essent Underwriting Guideline Manual
Credit Requirements	Min. 3 traditional trade lines evaluated for at least 12 months for each borrower
Non-Traditional Credit	Max. 95% LTV; Max. 41% DTI; 2-unit ineligible
Debt-to-Income Ratio	Max. 45% DTI
Reserve Requirements	2 months PITI required
Borrower Contributions	<p>1-unit:</p> <ul style="list-style-type: none"> Lesser of \$1,000 or 1%; -OR- Borrower's min. contribution may come from gift funds per Agency guidelines with: Min. 720 FICO; Max. 41% DTI; no down payment assistance, subordinate financing, or grants with repayment <p>2-unit:</p> <ul style="list-style-type: none"> 3% of borrower's own funds required

ALL LOANS

Loan Programs	Fixed Rate; 5 yr. ARM; 7 yr. ARM; 10+ yr. ARM 5 yr. ARMs qualify at the greater of the initial rate +2% or the fully indexed rate; 7 yr. and 10+ yr. ARMs qualify at the initial rate
Appraisal Requirements	Full Uniform Residential Appraisal Report only
Seller Contributions	Max. 3%
Subordinate Financing	Must meet Agency Community Second or Affordable Second guidelines
Area Median Income (AMI)	Loans must meet any Area Median Income requirements of the applicable program
Homebuyer Education	Loans must meet any homebuyer education requirements of the applicable program
Ineligible Products	Interest only; loans with scheduled or potential negative amortization; graduated payment mortgages; construction-to-permanent

NOTE: Please see the Essent Underwriting Guideline Manual on essent.us for full details.

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