



ESSENT COVID-19 FAQS

AS OF APRIL 1, 2022

Lenders and Servicers need clear and timely information regarding their mortgage insurance (MI) coverage. We created this FAQ to provide you with the guidance you'll need and the answers to your most common questions.

ORIGINATION SUPPORT

Essent supports policyholders originating new loans.

1. We will activate insurance on loans even if the borrower seeks COVID-19-related forbearance ("CRFB") prior to making their first loan payment, provided the loan is originated and closed in compliance with applicable law, and all underwriting terms and conditions have been fully satisfied, including the borrower being employed at the time of closing.
2. Essent continues to support the remaining temporary measures announced by Fannie Mae and Freddie Mac regarding the impact of COVID-19 on originations and appraisals. (Visit our [COVID-19 Resource Center](#) to learn more.)

SERVICING SUPPORT

1. **Does Essent align with Fannie Mae's and Freddie Mac's Forbearance, Mortgage Payment Deferral and Loan Modification Programs?**

Yes. We have announced our alignment with the CARES Act and support for the relief programs announced by Fannie Mae and Freddie Mac. Mortgage servicers working with homeowners experiencing a financial hardship due, directly or indirectly, to the COVID-19 emergency may implement all GSE late fee relief, forbearance and repayment plans and modification programs without our prior approval. (Visit our [COVID-19 Resource Center](#) to learn more.)

2. **How do you treat non-GSE loan forbearance, repayment plans or modifications?**

Servicers should follow the GSE requirements for non-GSE loans. There is no need for our prior approval for GSE-type forbearance plans, repayment plans and modifications, subject to the limits in our [Default and Claims Servicing Guide](#).

3. **How long is the foreclosure moratorium?**

The CARES Act foreclosure moratorium was implemented on March 18, 2020 and expired on July 31, 2021. Essent will follow the timelines outlined in the CARES Act as amended. Some municipalities or states may have longer moratoriums, and the CFPB and GSEs have other COVID-related foreclosure requirements.

4. **When am I required to report a loan in Default?**

A Notice of Default ("NOD") should be reported once the borrower fails to pay two consecutive payments. Reporting is required prior to the due date of the next payment. (See Section 2 of our [Default and Claims Servicing Guide](#).)

5. **How do I identify a Default as being related to COVID-19?**

- If reporting via [Essent's Loss Management Online](#), select the "COVID-19" Reason for Default ("RFD"). It will be the first item on the dropdown menu.
- For EDI reporting, use RFD Code 12 for COVID-19 related Defaults in your ADR reports. This is a new code being used for the national emergency; please use RFD Code 08 for Energy/Environment costs that were formerly designated with Code 12.

Note: We understand there may be other reasons for a Default in addition to COVID-19 (e.g., illness, unemployment, curtailment of income, etc.). We ask that you use the RFD Code 12 for all Defaults caused by COVID-19 instead of the other more specific RFDs.

6. **Do I report a loan that is on a forbearance plan as a loan in Default?**

Yes. Loans in forbearance should be reported as in Default when two consecutive payments remain unpaid. Servicers should continue reporting to keep us advised of the status of the delinquency on a monthly basis. Loss Management is available at lossmanagement@essent.us or 877.331.9077 to assist with questions regarding delinquency and forbearance reporting. (See question 7, below, for the related codes to use.)

7. **How do I report loans in forbearance or that have been modified or have had payments deferred?**

We require monthly reporting and we encourage submission of the MILAR 169, the most comprehensive report; otherwise, you may use the MILAR 32 so that we can associate the workout codes with your Default reporting. Essent participated with MISMO to develop the following MILAR reporting protocols to identify COVID-19 related activity:

- Utilize RFD Code 12 on MILAR 169.

Mortgage Insurance provided by Essent Guaranty, Inc.

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- Also, two new Workout Program Name (“WPN”) values have been added to MILAR 169 and MILAR 32 for Payment Deferral and Forbearance reporting:
 - New Workout Program Name Code 43 = National Emergency Forbearance Plan, and
 - New Workout Program Name Code 44 = Deferred Payment Program

MILAR 169 and MILAR 32 may be submitted by:

- Secure File Transfer (“SFT”); or
- Secure email to lossmanagement@essent.us.
- We also have two alternatives to the MILAR submission process:
 - We can receive reporting of forbearance, modifications and payment deferrals via [Essent’s Loss Management Online](#). Make your selection under Workout Type.
 - We may also accept custom reporting by spreadsheet by:
 - Secure email to LoanModRequest@essent.us; or
 - [Secure mail drop](#)

8. Do I still need to pay MI premiums on loans that are in forbearance programs?

Yes. Servicers should continue to advance MI premiums to Essent even if the borrower is in a forbearance plan. Essent will work with Servicers and policyholders to ensure coverage continues during this time.

9. Does Essent have to approve a loan modification?

Essent has delegated authority to Fannie Mae and Freddie Mac, so Servicers may follow agency guidance in completing loan modifications for loans owned by the GSEs.

Our prior approval for Non-GSE loans is not needed, subject to the following:

- The interest rate remains the same or is reduced;
- The remaining term is not reduced (term can be extended to 480 months); and
- Capitalization of delinquent interest, taxes and insurance is permitted, provided the modified principal balance does not exceed 110% of the original insured loan amount.

Loan modifications outside these parameters require our approval. Requests may be submitted to us for review as outlined in Section 7.3 of our [Default and Claims Servicing Guide](#).

10. How do you calculate and bill for premium on loan modifications and payment deferrals where the UPB is increased such that it exceeds the original loan amount?

For those loans where the increased UPB exceeds the original insured loan amount, additional premium will be charged on the incremental amount added to the UPB by virtue of the modification or payment deferral. Client Services is available at clientservices@essent.us or 1.877.569.6547 to assist with questions regarding premium calculations.

11. When do I report a loan that has been brought current?

Servicers report on the status of loans in Default each month. You should notify us of loans that “cure” with the monthly reporting for the month in which the borrower brings the loan current. For example, a loan that is in Default in June but which cures in July should be reported as current by July 25. Essent’s Loss Management representatives are available at lossmanagement@essent.us or 877.331.9077 to assist with reporting questions.

Essent will continue its fair and transparent practices through *Clarity of Coverage*®. Review our unique [Clarity of Coverage Endorsement](#), committing to *Clarity of Servicing* assurances so you get the Master Policy treatment you expect.

This document is intended to complement our online guides, however, it may supersede them in certain respects. You can rely on this document for your COVID-19-related servicing questions. It is available in our [COVID-19 Resource Center](#).

Be sure to bookmark the page and check back as we will continue to update this document and other resources. You can also reach out to our [Client Services](#) and [Loss Management](#) teams, or your [Essent account manager](#) with any questions. We’re here to support you.

RESCISSION RELIEF

Clear and simple guidance regarding the impact of CRFB on Rescission Relief otherwise available under Essent’s Master Policies.

1. Will treatment of loans in CRFB differ for loans insured under Essent’s Master Policy that became effective on March 1, 2020 (“2020 MP”) and prior Master Policies (“Prior MPs”)?

No. All loans insured by us that are reported as being in a CRFB will follow the same rules regarding eligibility for Rescission Relief.

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2. Does a consumer's failure to make a mortgage payment in connection with a CRFB make the loan ineligible for early Rescission Relief or for 36-month Rescission Relief?

No. We will not consider missed payments under a CRFB to be a Default for purposes of the payment history requirement applicable to any form of Rescission Relief. All other conditions of Rescission Relief as set forth in the [2020 MP](#) and our [Early Rescission Relief Guide](#) will still need to be met in order to obtain Rescission Relief.

3. Do the months that a loan is in a forbearance plan count towards the Rescission Relief timelines?

No. While loans in CRFB are still eligible for rescission relief, we suspend counting months during the pendency of the CRFB.

4. Do you start counting when a loan comes out of forbearance and is modified?

Yes. When a borrower completes the modification trial period and executes a permanent modification, we will count the months of the modification (including the trial period) towards Rescission Relief timelines.

5. Can you illustrate how this works?

Yes. The table below shows the outcomes for some common scenarios, assuming a 90-day CRFB period. Please note, notwithstanding anything in the table below, we may grant Rescission Relief upon successful completion of an Independent Validation that does not identify a Significant Defect (e.g., if in connection with a Quality Assurance audit), effective after 12 timely payments for loans under Prior MPs and upon the date of Independent Validation for loans insured under the 2020 MP. Please review our [Master Policy Resource Center](#) for specific terms and conditions.

| Standard Rescission Relief (36 Months) | Timely Payments Prior to CRFB | Timely Payments Post CRFB | Eligible for Rescission Relief |
|-----------------------------------------------------------------|-------------------------------|---------------------------|--------------------------------|
| CRFB Prior to First Payment | 0 | 36 | Yes |
| CRFB After Making Payments | 6 | 30 | Yes |
| CRFB After Making Payments | 3 | 15 | No |
| Early Rescission Relief Under Prior MP (12 months) ¹ | Timely Payments Prior to CRFB | Timely Payments Post CRFB | Eligible for Rescission Relief |
| CRFB Prior to First Payment | 0 | 12 | Yes |
| CRFB After Making Payments | 4 | 8 | Yes |
| CRFB After Making Payments | 3 | 2 | No |

Visit our [COVID-19 Resource Center](#) or contact your [Essent account manager](#) if you have any questions.

¹Early Rescission Relief under our 2020 MP is available at the time of Independent Validation.