



Date: June 2, 2014

Loan Amounts > FHFA Max Eligibility Expansion

Effective Date: June 2, 2014

Essent is implementing an update to our Underwriting Guidelines for Loan Amounts > FHFA Max. These changes are effective immediately for all MI applications. Details of these changes are outlined below.

The updated Loan Amounts > FHFA Max Guideline Summary as attached within this announcement and complete Underwriting Guideline Manual are now available on Essent's website (www.essent.us).

Highlights of Changes

Loan Amounts > FHFA Max Eligibility Expansion

Essent is pleased to introduce an eligibility expansion to the Loan Amounts > FHFA Max Guideline Summary as outlined below:

» **Eligibility is expanded to include a Maximum 95% LTV/CLTV subject to the following:**

1. Maximum \$650,000 loan amount
2. Minimum 700 FICO

Additional Loan Amounts > FHFA Max Eligibility Update

» **For clarification, new guidance has been added regarding a Maximum 90% LTV/CLTV for Florida Condominiums**

The existing Clear2Close®, Manual Underwriting, and Affordable Housing Guideline Summaries are unaffected by these updates.

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

| LOAN PURPOSE | PROPERTY TYPE | MAX. LTV/CLTV | MAX. LOAN AMOUNT | MIN. FICO |
|---------------------------------|---------------------------|---------------|------------------|-----------|
| PRIMARY RESIDENCE | | | | |
| Purchase or Rate/Term Refinance | Single Family/Condo/Co-op | 95 | \$650,000 | 700 |
| | | 90 | \$850,000 | 700 |

LOAN AMOUNTS > FHFA MAX. PRODUCT ELIGIBILITY REQUIREMENTS

| | |
|-------------------------|--|
| Second Homes | Ineligible |
| Investment Property | Ineligible |
| Non-Retail | Eligible |
| Loan Programs | Fixed Rate; 5/1 ARM; 7/1 ARM; 10/1 ARM |
| Eligible Borrowers | U.S. Citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens; Inter Vivos Revocable Trusts |
| Appraisal Requirements | Full Uniform Residential Appraisal Report only; Appraisal must be completed "as is," not subject to repair or completion |
| Florida Condominiums | Non-delegated submissions only; Purchase; Max. 90% LTV/CLTV; Min. 720 FICO; Max. DTI 41% |
| Documentation Type | Full doc only; Alt Doc and all other streamline documentation is ineligible |
| Credit Requirements | <p>Mortgage Lates: 0 X 30 in last 12 months, 0 X 60 in the last 24 months; Installment/Revolving Lates: 0 X 60 in last 12 months, 1 X 60 in last 24 months; Judgments, Liens, Collections and Charge-Offs: must be paid off; disputed collections may remain open to Max. \$250 per account or \$1,000 in total; Borrowers with invalid or no credit bureau score: ineligible; Chap 7 & 11 Previous Bankruptcy: 4 yrs. since discharge (2 yrs. with documented extenuating circumstances); Chap 13 Previous Bankruptcy: 2 yrs. since discharge/4 yrs. since dismissal (2 yrs. with documented extenuating circumstances); Multiple Bankruptcy Filings in Past 7 Years: ineligible; Foreclosure: 5 yrs. since date of title transfer (3 yrs. with documented extenuating circumstances); Short Sale/Deed in Lieu: 4 yrs. since date of title transfer (2 yrs. with documented extenuating circumstances);</p> <p>Min. 3 traditional trade lines evaluated for at least 12 months for each borrower</p> |
| Finance Type | Purchase, Rate & Term Refinance (refinances of previously modified loans are ineligible); Cash-Out Refinance ineligible Resubordination of existing financing is eligible |
| Income | <p>Salaried/W-2 Borrowers: Past 2 yrs. W-2s or past 2 yrs. IRS tax transcripts; Most recent 30 days paystubs indicating year-to-date (YTD) earnings; Pre-funding verbal verification within 10 business days of closing; verification of the existence of the business, business phone number and address, must be verified by an independent third party, document name and title of person providing verification Self-Employed Borrowers: 2 yrs. evidence of self-employment required; Most recent 2 yrs. personal and business federal income tax returns; Pre-funding verbal verification within 30 calendar days of closing; verification of the existence of the business, business phone number and address, must be verified by an independent third party, document name and title of person providing verification Capital Gains Income: 2 yrs. personal tax returns if no more than 30% of total income; 3 yrs. personal tax returns if greater than 30% of total income; 2 yr. average for qualification if tax returns evidence realized capital gains for last 2 yrs.; support for continuance for next 3 yrs.; verification of ownership & control of assets</p> |
| Debt-to-Income Ratio | Max. DTI 45%; Max. DTI 41% if FICO<740 |
| Eligible Property Types | SFR; Condominiums; Cooperatives; Standard condo and cooperative project approval review required; Cooperatives only eligible in the states of CA, CT, IL, MA, MD, MI, MN, NJ, NY, PA, VA and D.C. |
| Qualification Rate | <p>Fixed Rate & 7/1 & 10/1 ARMs: Note Rate 5/1 ARM: Greater of the fully indexed fully amortized rate or Note Rate +2%</p> |
| Reserves | <p>6 months PITI required; First Time Homebuyer: 12 months PITI required; Two most recent monthly bank statements required to verify funds to close and reserves</p> |
| Borrower Contributions | 5% of borrower's own funds required |
| Seller Contributions | Max. 3% |
| 4506-T | All IRS Form 4506-T must be signed, completed and dated at application and at closing by all borrowers |
| Ineligible Properties | Manufactured housing; non-warrantable condominiums; condominium hotels (condo-tels); apartment/hotel conversions; model home leasebacks; vacant lots/land; time-share properties; homes unsuitable for year-round occupancy; unimproved land; earth, berm, dome, log and straw bale homes; >10 acres; working farms, orchards and ranches; student housing projects ("kiddie" condos); 2-4 units |
| Ineligible Products | Interest only; loans with scheduled or potential negative amortization; streamline refinances; interim construction financing; renovation loans; loans with terms greater than 30 years; graduated payment mortgages |
| Ineligible Attributes | Post-closed loans; non-occupant co-borrowers |

Essent intends to insure a representative mix of a lender's overall mortgage insurance loan production, and will monitor the product mix on an ongoing basis to identify salient credit trends and to protect from potential adverse credit or geographic migrations.

NOTE: Reference the Essent Underwriting Guideline Manual for full details