



Frequently Asked Questions

New Master Policy with *Clarity of Coverage*^{®1}

WHEN DID ESSENT'S CURRENT MASTER POLICY BECOME EFFECTIVE?

Our current Master Policy became effective for mortgage insurance (MI) applications received on or after October 1, 2014.

HOW DO I GET A COPY OF ESSENT'S MASTER POLICY?

Our Master Policy is located in our [Master Policy Resource Center](#). Master Policyholders were issued the current Master Policy directly by Essent. If you do not have your issued Master Policy or need it reissued, please contact your Essent [Account Manager](#) or [Client Services](#) team.

WHAT ARE THE DIFFERENCES BETWEEN THE OLD AND NEW POLICIES?

A table highlighting the changes from our prior Policy to our current Policy is available in our [Master Policy Resource Center](#).

WHAT IS THE STANDARD RELIEF FROM RESCISSIONS UNDER ESSENT'S MASTER POLICY WITH *CLARITY OF COVERAGE*?

Essent's standard coverage automatically applies to all Master Policyholders. If you choose our Non-Delegated process, you will get protection from MI underwriting mistakes from the day the Certificate of Insurance is issued. We stand behind our MI underwriters for all they could have detected. We call that "Day One" rescission relief or "incontestability."

If there were underwriting defects or Borrower misrepresentations we could not have detected, then your exposure to rescission will end after thirty-six (36) months of payments. Essent will not rescind a Loan for eligibility defects including appraisal valuation after thirty-six (36) months as long as:

- No more than two Loan payments were thirty (30) days delinquent
- No Loan payment was in excess of sixty (60) or more days delinquent
- All Loan payments were made from the Borrower's Own Funds
- The Loan was not subject to a workout

If you choose our Delegated Underwriting process, you will get the same standard rescission relief after thirty-six (36) months that we have been offering our Policyholders for four (4) years; and, if a Loan is selected for QA audit and we did not identify any underwriting defects, then you are protected from underwriting mistakes we should have identified from Day One.

IS THERE AN OPTION FOR FASTER RESCISSION RELIEF?

Yes. Essent's Master Policy with *Clarity of Coverage*, together with our Enhanced Coverage Endorsement, offers relief from rescissions after twelve (12) monthly payments and:

- A full package underwrite (Origination and Closing) by Essent
- A Collateral review by Essent
- The Borrower makes the first twelve (12) months of timely full payments from his/her Own Funds

¹We use some shorthand in referring to certain provisions of our Master Policy. Please refer to the full Master Policy and related policy forms for complete details on terms of Essent mortgage insurance coverage. All Essent policy forms are posted to our Master Policy Resource Center at [essent.us](https://www.essent.us).



HOW DO I RECEIVE RELIEF FROM RESCISSIONS AFTER TWELVE (12) MONTHS?

If you submit on a Non-Delegated basis, your Loans will be reviewed for Enhanced *Clarity of Coverage* – Collateral with no changes to your process and with no extra documents required. For rescission relief after twelve (12) months, we just need to review the Closing File.

If you submit on a Delegated basis, send us the Origination and Closing Files. We will do our work, and confirm the Enhanced *Clarity of Coverage* (including Collateral and Underwriting Coverages) on a Certificate Endorsement.

DOES ESSENT CHARGE FOR FASTER RESCISSION RELIEF?

No. Essent will not charge any additional premium for faster rescission relief.

WHO SHOULD I CONTACT TO ADDRESS QUESTIONS ABOUT THE POLICY?

Please contact your Account Manager. He or she is well-versed with respect to Essent's various coverages and can help you identify the best Master Policy options for your business.

WILL ESSENT REQUIRE A SERVICING REPORT IMMEDIATELY UPON IMPLEMENTATION OF THE NEW MASTER POLICY?

Essent does not require its Insureds/Servicers to send a Mortgage Insurance Loan Activity Report (MILAR) file or a Servicing Report. We reserve the right to enforce the Servicing Report requirement in Master Policy Section III (A) at a later date, but will provide our Policyholders with ninety (90) days advance notice of our intention to require the report. The Servicing Report should not be confused with the Notice of Default or Monthly Default Report requirements, which are contained in Sections IV (A) and (B) of the Master Policy.

IS IT POSSIBLE TO GET ENHANCED *CLARITY OF COVERAGE* ON LOANS WHERE ESSENT HAS PERFORMED A QUALITY ASSURANCE (QA) REVIEW?

Yes. Loans selected for QA, which are determined by Essent's QA team to have no underwriting mistakes, are protected from rescissions later based on such mistakes. This protection is effective from Day One.

WHAT IF MY ORIGINAL APPRAISAL SHOWS A VALUE THAT IS 15% HIGHER THAN YOUR REVIEW APPRAISAL?

We will not rescind on the basis of misrepresented collateral value unless our review appraisal evidences a value at least 15% lower than the original appraisal, and we provide credible evidence of selective utilization or manipulation of information used to compile the appraisal report.

WHEN IS MY EXPOSURE TO BORROWER MISREPRESENTATION ELIMINATED?

Borrower misrepresentation is eliminated as a basis on which coverage may be rescinded after thirty-six (36) months, or as early as twelve (12) months with our Enhanced *Clarity of Coverage* - Underwriting.

WHAT IF A DELINQUENCY OCCURS WITHIN THE FIRST TWELVE (12) MONTHS OF COVERAGE?

A delinquency in the first twelve (12) months means the insured Loan would not be eligible for the early rescission relief associated with the Enhanced Coverage Endorsement. However, the Loan would still be insured with our standard rescission relief after thirty-six (36) months.

CAN YOU INVESTIGATE A PERFORMING LOAN ONCE IT IS IN FORCE WITHOUT A NOTICE OF DELINQUENCY FROM YOUR SERVICER?

Yes. We continually monitor our insured portfolio and may select Loans for internal review throughout the life of our coverage.



DOES ESSENT PERFORM ADDITIONAL OR INDEPENDENT VERIFICATIONS ON INFORMATION CONTAINED IN THE LOAN ORIGINATION AND CLOSING FILES?

In order to grant the Enhanced *Clarity of Coverage* for Borrower misrepresentation and underwriting mistakes, we independently validate the representations in each Loan file to ensure:

- There are no inconsistencies
- The transaction closed as represented in the Origination File

If there are any discrepancies or questionable information, we will take reasonable steps to confirm there are no underwriting defects, which may include performing independent verifications.

WHAT IS PATTERN ACTIVITY?

Mortgage insurers are prohibited from providing any sunset on rescission in circumstances that involve intentional and knowing material misstatement, misrepresentation, omission, or data inaccuracy by a First Party or in situations defined as Pattern Activity.

Pattern Activity is a misrepresentation demonstrated by credible evidence, which involves two or more parties and two or more Loans. A Pattern Party is any:

- Individual acting with actual or apparent authority for the Initial Insured
- First Party other than the Initial Insured
- Property seller, Property builder, real estate broker or real estate agent

A First Party, with respect to a Loan, is the Insured, Loan Originator, Loan Seller, Loan officer, mortgage Loan broker, correspondent lender, appraiser, appraisal company, escrow or closing agent or title insurance company (or its representative).

DOES ESSENT OFFER AN ELECTRONIC METHOD FOR SUBMITTING LOANS FOR ENHANCED *CLARITY OF COVERAGE*?

Yes. We offer a standard Secure File Transfer Protocol (SFTP) process that Policyholders may use to deliver Loan files. However, we also work with Policyholders who have specific file delivery requirements.

WHAT IS THE DIFFERENCE BETWEEN AN UNDERWRITING MISTAKE AND AN UNDERWRITING DEFECT?

Underwriting Mistakes occur when an Essent underwriter reviews a Loan file and fails to identify a material fact or misrepresentation that should have been identified (even if the Policyholder's underwriter missed it first). Miscalculating the debt-to-income ratio may be an example. These "mistakes" are our responsibility.

We consider Underwriting Defects to encompass those misrepresentations that an Essent underwriter could not have identified (such as may have occurred after the MI underwrite). Take, for example, an instance where a Borrower takes out a new Loan prior to closing, but after the original credit report was issued. This new debt, which would appear on the soft-pull credit report pulled by the Policyholder prior to closing, caused the debt-to-income ratio to exceed Essent's guidelines. This "defect" is the Policyholder's responsibility.

WHEN A NON-DELEGATED LOAN UNDERWRITTEN BY ESSENT HAS A CHANGE OCCUR AFTER THE LOAN HAS BEEN UNDERWRITTEN, DOES THE FILE NEED TO BE RESUBMITTED FOR REVIEW?

If the change is material and/or changes the risk profile of the Loan, the new information should be presented to the Essent underwriter for review.



WHAT HAPPENS WHEN A LOAN IS REVIEWED FOR ENHANCED CLARITY OF COVERAGE AND DOES NOT QUALIFY?

Either our standard coverage of rescission relief after thirty-six (36) months will apply or, in some cases, coverage may be subject to rescission.

IF A LOAN WAS UNDERWRITTEN BY ESSENT, SUBMITTED TO THE GSE UCDP AND RETURNED WITH FINDINGS OR MESSAGES, WOULD IT NEED TO BE RESUBMITTED TO ESSENT WITH THE FINDINGS FOR REVIEW?

If the Uniform Collateral Data Portal (UCDP) messages indicate that the appraiser is not an eligible appraiser with either of the Government-Sponsored Enterprises (GSEs), then the Loan file must be resubmitted to Essent.

WHAT HAPPENS TO THE REQUIRED PREMIUMS WHEN A LOAN IS MODIFIED?

In the event that an insured loan is modified under any version of our Master Policy, such that the UPB due on the loan is increased, Essent will modify the application of Master Policy Section III(E)(Modification of Property or of Loan Terms) so as (1) not to charge additional premium on the incremental amount added to the UPB by virtue of the modification, and (2) not to curtail a Claim payment in order to recoup such premium amounts as might have been charged on the incremental increase in Loan amount. We may reconsider this position in the future, but will give you ninety (90) days advance written notice if we do so.

A note about TRID (TILA-RESPA): References to the HUD-1 settlement statement in our Master Policy should be read to refer to the new Closing Disclosure (CD) form for loans closed after October 3, 2015.