

Bidding at the Foreclosure Sale

It is very important that the Servicer bid at the foreclosure sale in accordance with the instructions provided by Essent to avoid any adjustment to the Insurance Benefit. The Master Policy requires that the bidding be such that it protects Essent's rights of recovery against the Borrower, relating to the Loan or to the Property. Additionally, appropriate bidding at the foreclosure sale allows the Property to be sold at the foreclosure sale for an amount less than the total indebtedness. This eliminates the Real Estate Owned (REO) for the Insured.

If you need to discuss Essent's bidding instructions for any reason, you may contact Essent at 1-877-331-9077 or email us at lossmanagement@essent.us.

Bidding Instructions

Below are the Bidding Instructions pursuant to Section IV (J) of Essent's Master Policy.

Foreclosure Bidding Instructions. Unless otherwise instructed by the Company, in those states where the foreclosure process permits or requires bidding at the foreclosure sale, the Insured shall bid, or cause its Servicer to bid as follows:

1. When the Third-Party Beneficiary with respect to the Loan is either Fannie Mae or Freddie Mac, in an amount in accordance with the then-applicable bidding guidelines required by such Third-Party Beneficiary; and
2. When the Insured or Third-Party Beneficiary is other than Fannie Mae or Freddie Mac, in accordance with the following instructions:
 - a. If the current market value of the Property is unknown, the Insured or the Servicer shall make an opening bid at no more than 80% of the Default Amount plus, accrued and unpaid interest due on the Loan computed at the note rate, plus Advances not yet reimbursed (collectively, the "Total Debt"). In the event of competitive bidding, the Insured or the Servicer shall continue to bid until it is the successful bidder, or until the bidding reaches the Total Debt, whichever comes first.
 - b. If the current market value of the Property is known, i.e., within the past ninety (90) days the Property has been appraised, or has been the subject of a "broker price opinion," the Insured or the Servicer shall make an opening bid at the lesser of (i) 100% of such known value or (ii) the Total Debt. In the alternative, if the Insured or the Servicer may bid a lesser amount if it so desires and such bid amount is permissible under applicable law. In the event of competitive bidding, the Insured or the Servicer shall continue to bid until the Property is sold to a third party, it is the successful bidder, or until the bidding reaches the Total Debt, whichever comes first. Notwithstanding the foregoing, the Insured or the Servicer may not discontinue bidding and allow sale to a third party until the bidding has reached the known value.

In the event the Insured's or Third-Party Beneficiary's foreclosure bidding instructions conflict with the above, Servicers shall be required to receive the Company's prior written consent prior to disregarding this Section IV (J).

Summary

1. You should follow the GSE bidding instructions when the investor is Fannie Mae or Freddie Mac.
2. When the investor is other than Fannie Mae or Freddie Mac, see (a) and (b) below.
 - a. **Property value is unknown:**

Open the bid at no more than 80% of the Total Debt. You may open at any lesser amount when allowable or required by state law. In the event of competitive bidding, you must continue to bid until you win the bid or reach the Total Debt.
 - b. **Property value is known:**

Open at the lesser of the Property value or the Total Debt. You may open at any lesser amount when allowable or required by state law. In the event of competitive bidding, you must continue to bid until you reach the lesser of the Property value or the Total Debt. Essent does not require a bid above the lesser of the Property value or the Total Debt, but you should always check with the owner of the Loan to ensure that these instructions meet their requirements. If there is a conflict, you should contact Essent's Loss Management Department.