



Date: April 8, 2013

Manual Underwriting Eligibility and Rate Card Updates

Effective Date: April 15, 2013

Essent is implementing an update to our Underwriting Guidelines and Rate Cards. **Guideline changes** will be effective for MI applications received on or after April 15, 2013. **Rate changes** will be effective for commitments issued on or after April 15, 2013. Details of these changes are outlined below.

The updated Guideline Summaries and Rate Cards as attached within this announcement, and the complete Underwriting Guideline Manual, will be available on Essent's website (www.essent.us) on April 15, 2013.

Manual Underwriting Eligibility Expansion

Essent is pleased to introduce several eligibility expansions to the Manual Underwriting Guideline Summary as outlined below:

1. Min. FICO has been decreased to 680 from 700 for the following transactions:
 - » 2-Unit properties
 - » Construction-to-Permanent
2. The following Underwriting Guideline overlays for Non-Permanent Resident Alien borrowers have been eliminated:
 - » Max. 90% LTV/CLTV
 - » Primary Residence, 1-unit property types only
 - » Purchase or Rate/Term Refinance loan purposes only

NOTE: Section 3.1. of the Underwriting Guideline Manual must otherwise be followed for Non-Permanent Resident Alien borrowers, including obtaining documentation to evidence a minimum 2-year history of residency/employment/established credit and the ongoing lawful residency status of the borrower.

Additional Eligibility Updates

1. Manual Underwriting Guideline Summary:
 - » Max. LTV/CLTV has been decreased to 90% from 95% for \$625,500 loan amounts (FHFA Max) to align with Agency LTV guidelines
2. Loan Amounts > FHFA Max Guideline Summary:
 - » Non-Permanent Resident Aliens are now eligible

The existing **Clear2Close Guideline Summary** is unaffected by these updates and will remain as attached within this announcement.



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Rate Card Updates

Essent's new Rate Cards reflect changes to both Monthly and Single Premium rates. Changes include:

1. Revised 95.01% - 97% LTV Monthly base rates
2. Revised credit tiers applicable to both BPMI and LPMI Single Premium base rates and adjustments
3. Revised base rates and adjustments for BPMI and LPMI Single Premium rates

Detailed Rate Cards reflecting these changes are attached for reference with this announcement. For rate availability, please see the Rate Availability chart that will be posted to www.essent.us on April 15, 2013.

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

For loans with a DU Approve/Eligible or LP Accept/Eligible response, the following Essent overlays apply:

- » All FL Condos: Non-delegated submissions; Primary Residence; Purchase; Max. 90% LTV/CLTV; Min. 720 FICO; Max. 41% DTI
- » Manufactured Housing ineligible
- » Non-Permanent Resident Aliens: See Sec. 3.1 of Essent's Underwriting Guidelines
- » See Below for Borrower Contributions*

LOAN PURPOSE	PROPERTY TYPE	MAX. LTV/CLTV	MAX. LOAN AMOUNT	MIN. FICO	MAX. DTI
PRIMARY RESIDENCE (*Min. 3% of Borrower's Own Funds required)					
Purchase; Rate/Term Refinance	Single Family/Condo/Co-op	97	\$417,000	680	45%
	Single Family/Condo/Co-op	95	\$417,000	660	45%
	2-unit	95	\$533,850	660	45%
	Single Family/Condo/Co-op	90	\$625,500 (FHFA Max)	660	45%
Cash-Out Refinance (Max. Cash-Out Amount of \$150,000)	Single Family/Condo/Co-op	85	\$417,000	660	45%
Construction-to-Permanent (See section 4.2 (5) of Underwriting Guidelines)	Single Family	95	\$417,000	660	45%
SECOND HOME (*Min. 5% of Borrower's Own Funds required)					
Purchase; Rate/Term Refinance	Single Family/Condo/Co-op	90	\$417,000	660	45%
INVESTMENT PROPERTY (6 months PITI reserves; *Min. 15% of Borrower's Own Funds required)					
Purchase	Single Family	85	\$417,000	720	45%

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.

LOAN PURPOSE	PROPERTY TYPE	MAX. LTV/CLTV	MAX. LOAN AMOUNT	MIN. FICO
PRIMARY RESIDENCE (Min. 3% of Borrower's Own Funds required)				
Purchase; Rate/Term Refinance	Single Family/Condo/Co-op	97	\$417,000	700
	Single Family/Condo/Co-op	95	\$417,000	660
	2-unit	95	\$533,850	680
	Single Family/Condo/Co-op	90	\$625,500 (FHFA Max.)	700
Cash-Out Refinance	Single Family/Condo/Co-op	85	\$417,000	700
Construction-to-Permanent (See section 4.2(5) of Underwriting Guidelines)	Single Family	95	\$417,000	680
SECOND HOME (Min. 5% of Borrower's Own Funds required)				
Purchase; Rate/Term Refinance	Single Family/Condo/Co-op	90	\$417,000	700
INVESTMENT PROPERTY (Min. 15% of Borrower's Own Funds required)				
Purchase	Single Family	85	\$417,000	720

MANUAL UNDERWRITING PRODUCT ELIGIBILITY REQUIREMENTS

Manual Underwriting	Loans not scoring DU Approve/Eligible, LP Accept/Eligible, or not scored via DU/LP are deemed to be manual underwrites. Manually underwritten loans must meet the product eligibility criteria as outlined within this matrix and the eligibility standards as outlined within the Underwriting Guideline Manual.
Non-Permanent Resident Aliens	Non-permanent resident aliens must meet the eligibility requirements as denoted in Section 3.1.
Appraisal Requirements	Full Uniform Residential Appraisal Report only
Florida Condominiums	Non-delegated submissions only; Primary Residence; Purchase; Max. 90% LTV/CLTV; Min. 720 FICO; Max. DTI 41%
Debt-to-Income Ratio	Max. DTI 45%; Max. DTI 41% if FICO<700
Reserve Requirements	2 months PITI or the product required minimum; Investment Property: 6 months PITI required
Loan Amounts Above \$417,000	Must meet area specific permanent high cost loan limit as set by FHFA
Cash-Out Refinance	Max. cash out: \$150,000; temporary buydowns ineligible; ARMs with an initial fixed-rate period of <5 years ineligible
Construction-to-Permanent	Construction-to-Permanent loans must meet the eligibility requirements as denoted in Section 4.2 (5)
ARMs	Min. initial fixed period: 3 years; 3-year and 5-year ARMs qualify at the greater of the initial rate + 2% or the fully indexed rate; 7-year and 10-year ARMs qualify at the initial rate
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; working farms, orchards and ranches; student housing projects ("kiddie" condos); 3-4 units
Ineligible Products	Interest only; loans with scheduled or potential negative amortization; graduated payment mortgages
Non-Occupying Co-Borrower	Max. LTV/CLTV 95%; DTI based on occupant borrower's income/debt profile; Max. DTI 45%; Max. DTI 43% if FICO<700
Loan Representative FICO Score	Lower of two or middle of three repositories to determine each borrower's representative score; lowest representative score across all borrowers; minimum of two valid credit scores must be obtained for each borrower; non-traditional/no credit score is ineligible

LOAN AMOUNT	OCCUPANCY	LOAN PURPOSE	PROPERTY TYPE	MAX. LTV/CLTV	MIN. FICO
>FHFA Max. to \$650,000	Primary Residence	Purchase or Rate/Term Refinance	Single Family or Condo or Co-op	90	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	Purchase only; Min. 720 FICO
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>Minimum 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
Underwriting Delegation	Non-delegated
Income	<p>Salaried/W-2 Borrowers: Past 2 years W-2s or past 2 years 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 business phone number and address, must be verified by an independent third party, document name and title of person providing verification</p> <p>Self-Employed Borrowers: 2 years evidence of self-employment required; Most recent 2 years 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</p> <p>Capital Gains Income: 2 years personal tax returns if no more than 30% of total income; 3 years personal tax returns if greater than 30% of total income; 2 year average for qualification if tax returns evidence realized capital gains for last 2 years; support for continuance for next 3 years; verification of ownership & control of assets</p>
Maximum DTI	Max. DTI 41%
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	A minimum of 6 months cash reserves (PITI) required; Two most recent monthly bank statements required to verify funds to close and reserves
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; construction loans; renovation loans; loans with terms greater than 30 years; graduated payment mortgages
Ineligible Attributes	Post-closed loans; first time homebuyers; 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.

BPMI Rates

30-Year, Purchase, Full Doc, Primary Residence, Non-Refundable

Fixed Rate		Monthly				Single			
LTV	Coverage	≥760	720-759	680-719	660-679	≥740	720-739	680-719	660-679
97% -95.01%	35%	1.10%	1.15%	1.36%	—	3.26%	3.26%	4.07%	—
	18%	0.62%	0.65%	0.85%	—	2.18%	2.18%	2.85%	—
95% -90.01%	30%	0.59%	0.67%	0.94%	1.20%	2.15%	2.48%	3.48%	4.44%
	25%	0.55%	0.62%	0.84%	1.08%	1.65%	2.29%	3.11%	4.00%
	16%	0.48%	0.54%	0.72%	0.79%	1.43%	2.00%	2.66%	2.92%
90% -85.01%	25%	0.44%	0.49%	0.62%	0.76%	1.37%	1.81%	2.29%	2.81%
	12%	0.34%	0.39%	0.44%	0.52%	1.10%	1.44%	1.63%	1.92%
85% & below	12%	0.28%	0.32%	0.38%	0.44%	0.99%	1.18%	1.41%	1.63%
	6%	0.26%	0.30%	0.34%	0.38%	0.88%	1.11%	1.26%	1.41%

Non-Fixed Rate		Monthly				Single			
LTV	Coverage	≥760	720-759	680-719	660-679	≥740	720-739	680-719	660-679
97% -95.01%	35%	1.41%	1.46%	1.82%	—	4.74%	4.74%	5.92%	—
	18%	0.92%	0.97%	1.16%	—	2.74%	2.74%	3.59%	—
95% -90.01%	30%	0.83%	0.87%	1.22%	1.49%	2.68%	3.22%	4.51%	5.51%
	25%	0.76%	0.80%	1.08%	1.34%	2.06%	2.96%	4.00%	4.96%
	16%	0.61%	0.64%	0.85%	0.98%	1.79%	2.37%	3.15%	3.63%
90% -85.01%	25%	0.65%	0.68%	0.82%	0.94%	1.71%	2.41%	3.03%	3.48%
	12%	0.48%	0.51%	0.57%	0.64%	1.38%	1.89%	2.11%	2.37%
85% & below	12%	0.36%	0.38%	0.45%	0.55%	1.24%	1.41%	1.67%	2.04%
	6%	0.35%	0.37%	0.42%	0.47%	1.10%	1.37%	1.55%	1.74%

Adjustments	Monthly				Single			
	≥760	720-759	680-719	660-679	≥740	720-739	680-719	660-679
Refundable Monthly	+0.01%	+0.01%	+0.02%	+0.03%	—	—	—	—
Annual Refundable	-0.02%	-0.03%	-0.04%	-0.05%	—	—	—	—
Amortizing Renewal	+0.02%	+0.03%	+0.04%	+0.05%	—	—	—	—
≤ 25-Year Amortization	-0.03%	-0.05%	-0.08%	-0.11%	-0.19%	-0.19%	-0.30%	-0.41%
Relocation	-0.02%	-0.04%	-0.07%	-0.10%	-0.10%	-0.15%	-0.26%	-0.37%
Rate/Term Refinance	+0.05%	+0.10%	+0.15%	+0.30%	—	—	+0.56%	+1.11%
Cash Out Refinance	+0.18%	+0.20%	+0.25%	+0.50%	+0.50%	+0.70%	+1.00%	+1.30%
Loan Size > \$417,000	+0.20%	+0.25%	+0.40%	+0.60%	+0.40%	+0.93%	+1.48%	+2.22%
Second Home	+0.12%	+0.14%	+0.20%	+0.35%	+0.25%	+0.52%	+0.74%	+1.30%
Investment Property	+0.34%	+0.38%	+0.50%	+0.75%	+1.26%	+1.41%	+1.85%	+2.78%

Note: Rates may not be available for all FICOs and LTVs due to application of underwriting guidelines. Additional rates and coverage levels may also be available and can be found using Essent's Rate Finder.

For more information please visit Essent at www.essent.us

BPMI Notes

Monthly Premiums

To determine the monthly premium, divide the rate by 12 months.

Deferred Monthly Premiums

When the Deferred Monthly option is chosen, no premium is due at closing. Premium is billed monthly, beginning with the first mortgage payment. Premium rates are unchanged.

Annual Premiums

The MI premium is paid once a year.

Level Renewals

Level renewal premiums are calculated on the original loan balance. The rate remains the same for years 1 through 10. For years 11 through term, the rate is reduced to 0.20% or remains the same.

Amortizing Renewals

Amortizing renewal premiums are calculated by applying the rate to the outstanding loan balance as of each annual anniversary date of the loan. The rate remains the same for years 1 through term.

Single Premiums

The premium is calculated using the appropriate rate for the net Loan-to-Value ratio (LTV) times the base loan amount. Net LTV is measured prior to the inclusion of any financed premium.

Fixed-Rate Mortgage

Reflects a fully amortizing mortgage with level interest rates and payments for the first 5 years. All plans must meet the following conditions: (1) the loan period cannot exceed 40 years and (2) offer no temporary buydowns, rate concessions, graduated payment features or potential for negative amortization.

Non-Fixed Rate Mortgage

Reflects a fully amortizing mortgage that features payment changes or the potential for payment changes during the first 5 years of the mortgage. Examples of these mortgages include 3/1 ARMs and loans with temporary buydowns.

30-Year Mortgages

Must fully amortize in 26 years or more to a maximum of 40 years.

≤ 25-Year Mortgages

Must fully amortize over a maximum of 25 years.

Cancellation

Coverage remains in effect until canceled. Refunds for Annual and Monthly Premium Plans, if any, are calculated pro rata. Cancellation under the Federal Homeowners' Protection Act of 1998 (HPA) will result in refund of unearned premium.

Minimum Rate

Monthly premium rates cannot be adjusted below 0.15%. Single premium rates cannot be adjusted below 0.69%.

Underwriting Guidelines

For underwriting guidelines and eligibility requirements please refer to: <http://www.essent.us>

Rate Implementation

Unless otherwise specified, borrower-paid rates are based on property location. Rates and adjustments are subject to state regulatory approval. Rates may vary by application of filed rating rules. For questions regarding state approvals, or for additional rates, coverages, and explanatory notes, please contact Essent at clientservices@essent.us.

LPMI Rates

30-Year, Purchase, Full Doc, Primary Residence, Non-Refundable

Fixed Rate		Monthly				Single			
LTV	Coverage	≥760	720-759	680-719	660-679	≥740	720-739	680-719	660-679
97% -95.01%	35%	1.10%	1.15%	1.36%	—	3.08%	3.08%	3.85%	—
	18%	0.62%	0.65%	0.85%	—	2.07%	2.07%	2.70%	—
95% -90.01%	30%	0.59%	0.67%	0.94%	1.20%	2.15%	2.35%	3.29%	4.20%
	25%	0.55%	0.62%	0.84%	1.08%	1.65%	2.17%	2.94%	3.78%
	16%	0.48%	0.54%	0.72%	0.79%	1.43%	1.89%	2.52%	2.77%
90% -85.01%	25%	0.44%	0.49%	0.62%	0.76%	1.37%	1.72%	2.17%	2.66%
	12%	0.34%	0.39%	0.44%	0.52%	1.10%	1.37%	1.54%	1.82%
85% & below	12%	0.28%	0.32%	0.38%	0.44%	0.99%	1.12%	1.33%	1.54%
	6%	0.26%	0.30%	0.34%	0.38%	0.88%	1.05%	1.19%	1.33%

Non-Fixed Rate		Monthly				Single			
LTV	Coverage	≥760	720-759	680-719	660-679	≥740	720-739	680-719	660-679
97% -95.01%	35%	1.41%	1.46%	1.82%	—	4.48%	4.48%	5.60%	—
	18%	0.92%	0.97%	1.16%	—	2.59%	2.59%	3.40%	—
95% -90.01%	30%	0.83%	0.87%	1.22%	1.49%	2.68%	3.05%	4.27%	5.22%
	25%	0.76%	0.80%	1.08%	1.34%	2.06%	2.80%	3.78%	4.69%
	16%	0.61%	0.64%	0.85%	0.98%	1.79%	2.24%	2.98%	3.43%
90% -85.01%	25%	0.65%	0.68%	0.82%	0.94%	1.71%	2.28%	2.87%	3.29%
	12%	0.48%	0.51%	0.57%	0.64%	1.38%	1.79%	2.00%	2.24%
85% & below	12%	0.36%	0.38%	0.45%	0.55%	1.24%	1.33%	1.58%	1.93%
	6%	0.35%	0.37%	0.42%	0.47%	1.10%	1.30%	1.47%	1.65%

Adjustments	Monthly				Single			
	≥760	720-759	680-719	660-679	≥740	720-739	680-719	660-679
≤ 25-Year Amortization	-0.03%	-0.05%	-0.08%	-0.11%	-0.18%	-0.18%	-0.28%	-0.39%
Relocation	-0.02%	-0.04%	-0.07%	-0.10%	-0.10%	-0.14%	-0.25%	-0.35%
Rate/Term Refinance	+0.05%	+0.10%	+0.15%	+0.30%	—	—	+0.53%	+1.05%
Cash Out Refinance	+0.18%	+0.20%	+0.25%	+0.50%	+0.50%	+0.70%	+1.00%	+1.30%
Loan Size > \$417,000	+0.20%	+0.25%	+0.40%	+0.60%	+0.40%	+0.88%	+1.40%	+2.10%
Second Home	+0.12%	+0.14%	+0.20%	+0.35%	+0.25%	+0.49%	+0.70%	+1.23%
Investment Property	+0.34%	+0.38%	+0.50%	+0.75%	+1.19%	+1.33%	+1.75%	+2.63%

Note: Rates may not be available for all FICOs and LTVs due to application of underwriting guidelines. Additional rates and coverage levels may also be available and can be found using Essent's Rate Finder.

For more information please visit Essent at www.essent.us

LPMI Notes

Monthly Premiums

To determine the monthly premium, divide the rate by 12 months.

Annual Premiums

The MI premium is paid once a year.

Level Renewals

Level renewal premiums are calculated on the original loan balance. The rate remains the same for years 1 through 10. For years 11 through term, the rate is reduced to 0.20% or remains the same.

Amortizing Renewals

Amortizing renewal premiums are calculated by applying the rate to the outstanding loan balance as of each annual anniversary date of the loan. The rate remains the same for years 1 through term.

Single Premiums

The premium is calculated using the appropriate rate for the Loan-to-Value ratio (LTV) times the base loan amount.

Fixed-Rate Mortgage

Reflects a fully amortizing mortgage with level interest rates and payments for the first 5 years. All plans must meet the following conditions: (1) the loan period cannot exceed 40 years and (2) offer no temporary buydowns, rate concessions, graduated payment features or potential for negative amortization.

Non-Fixed Rate Mortgage

Reflects a fully amortizing mortgage that features payment changes or the potential for payment changes during the first 5 years of the mortgage. Examples of these mortgages include 3/1 ARMs and loans with temporary buydowns.

30-Year Mortgages

Must fully amortize in 26 years or more to a maximum of 40 years.

≤ 25-Year Mortgages

Must fully amortize over a maximum of 25 years.

Cancellation

Coverage remains in effect until the loan is paid in full.

Minimum Rate

Monthly premium rates cannot be adjusted below 0.15%. Single premium rates cannot be adjusted below 0.70%.

Underwriting Guidelines

For underwriting guidelines and eligibility requirements please refer to: <http://www.essent.us>

Rate Implementation

Unless otherwise specified, lender-paid rates are based on lender location. Rates and adjustments are subject to state regulatory approval. Rates may vary by application of filed rating rules. For questions regarding state approvals, or for additional rates, coverages, and explanatory notes, please contact Essent at clientservices@essent.us.