

CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of NMI Holdings, Inc. (the "Company") to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are intended to serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. Furthermore, these Corporate Governance Guidelines are not intended to change or interpret any Federal or state laws or regulations, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company. These Corporate Governance Guidelines may be modified from time to time by the Board.

THE BOARD

1. The Board's Goals

The Board's goal is to build long-term value for the Company's shareholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals, the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Company's CEO (the "CEO"), and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board's responsibility to remove the CEO and to select his or her successor.

2. Size of the Board

The Board shall be comprised of between 5 and 9 Directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. Consistent with the Company's Bylaws, however, the size of the Board may be increased or decreased if determined to be appropriate and authorized by a resolution of the Board.

3. Board Membership Criteria

The minimum qualifications that the Board looks for in determining candidates for election to the Board are set forth in the Appendix.

4. Selection of New Director Candidates

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Governance and Nominating Committee is responsible for identifying, screening and recommending Director candidates to the Board. When formulating its Board membership recommendations, the Governance and Nominating Committee shall also consider advice and recommendations from others, as it deems appropriate.

The Governance and Nominating Committee will consider candidates recommended by shareholders under the same procedures used for considering nominees recommended by management or other directors. In considering candidates submitted

by shareholders, the Governance and Nominating Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Governance and Nominating Committee may establish procedures, from time to time, regarding shareholder submission of candidates; provided, however, that such procedures must be consistent with section 2.10 of the Company's Bylaws.

5. Definition of Independent

A director is independent if the Board has made an affirmative determination that such director has no relationship with the Company that would impair his or her independent judgment (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). In the process of making such determinations, the Board will consider the nature, extent and materiality of the Director's relationships with the Company. The Board will, at a minimum, apply the independence requirements as defined under Section 5605(a)(2) of NASDAQ Equity Rules and, with respect to our Audit Committee members, Section 10A(m)(3) of the Securities Exchange Act of 1934 and the rules and regulations adopted thereunder.

6. Mix of Inside and Independent Directors

A majority of the Board shall consist of independent Directors, and there shall be enough independent Directors on the Board to staff the Audit, Compensation and Governance and Nominating and Risk committees.

7. Lead Director

If the Chairman is the CEO, the Board shall appoint an independent Director to act as Lead Director. The Lead Director shall serve for a one year term and shall have the following duties:

- (a) Act as the primary contact between the Company and the independent Directors, undertaking to meet or confer periodically with members of the Company's executive team regarding matters related to the business of the Company;
- (b) Assist the Chairman of the Board, as necessary with conducting Board meetings;
- (c) Assist the Chairman of the Board and the Corporate Secretary to develop the agendas for meetings of the Board and any committees thereof; and
- (d) Such other duties as the Board may from time to time assign to the Lead Director.

8. Executive Sessions of Independent Directors

The independent Directors shall meet at scheduled executive sessions at which only independent Directors are present, at least four times annually.

9. Director to Preside at Executive Sessions

The Board has adopted a policy providing that scheduled executive sessions of the independent Directors shall be presided by the Lead Director. If the Lead Director so desires, such responsibility may be delegated to another independent Director, including the Chair of the Committee having jurisdiction over the bulk of the issues to be discussed at an executive session.

10. Directors Who Change Their Present Job Responsibility

A Director who, during their tenure as a Director (i) joins the board of directors of another company or (ii) experiences a change in their business or commercial activity, shall notify the Governance and Nominating Committee, which shall review the circumstances to determine the appropriateness of continued Board membership and make a recommendation to the Board. The remaining Directors shall consider the recommendation of the Governance and Nominating Committee and determine the appropriateness of that Director's continued Board membership.

11. Former Officer's Board Membership

Any Director serving as an officer of the Company or any subsidiary shall resign from the Board at the time such person ceases to be an officer unless otherwise approved by the Board.

12. Retirement Age

A Director shall not stand for re-election to the Board at the Company's Annual Meeting of Shareholders following the attainment of age 76.

13. Director's Continued Eligibility for Board membership

In certain circumstances it may be appropriate to not re-nominate current Board members if they no longer meet the criteria for membership as set forth in the Appendix. If a Director discontinues or changes his or her employment affiliation held at the time of election as a Director of the Company, becomes involved in a potential conflict of interest with the Company, becomes unable to spend the required time expected of the Directors, or becomes disabled for an extended period, that Director shall submit a resignation to the Board. The Governance and Nominating Committee shall review the information presented and evaluate the appropriateness of continued membership. No member of the Governance and Nominating Committee whose Board membership is being reviewed shall participate in such review process or vote on the matter.

The Board of Directors (with the exception of the Director whose Board membership is being reviewed) shall determine the appropriateness of such Director's continued Board membership, giving due consideration to the recommendation made by the Governance and Nominating Committee.

14. Board Compensation

A Director who is also an officer of the Company shall not receive additional compensation for service as a Director.

The Company believes that compensation for non-employee Directors should be competitive and should encourage increased ownership of the Company's stock through the payment of a portion of Director compensation in Company stock, options to purchase Company stock or similar compensation. The Compensation Committee will periodically review the level and form of the Director's compensation, including how such compensation relates to Director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and

indirect forms of compensation to the Company's Directors, including any charitable contributions by the Company to organizations with which a Director is affiliated and consulting or other similar arrangements between the Company and a Director. Recommended changes to Director compensation will be proposed by the Compensation Committee to the full Board for consideration.

Director's fees (including stock, options to purchase stock and similar compensation as well as any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a Director may receive from the Company. The Company will also reimburse Directors for reasonable expenses and will procure directors & officers insurance coverage on their behalf.

15. Director Stock Ownership Requirements

Each Director shall comply with the Company's stock ownership guidelines, as adopted by the Company's Board of Directors, and as amended from time to time.

16. Director Orientation and Continuing Education

The Company shall provide new Directors with a Director orientation program to familiarize such Directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each Director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a Director.

17. Board Interaction with Institutional Investors, the Press, Customers, etc.

The Board believes that the CEO and, as appropriate, designated members of senior management, should speak for the Company. Each Director should refer all inquiries from institutional investors, analysts, the press or customers to the CEO or his or her designee.

18. Board Access to Management

The Board and each committee shall have complete access to management; however, independent Directors should keep the CEO informed of such contacts to the extent reasonably practicable.

19. Board Access to Independent Advisors

The Board and each committee shall have authority to obtain advice, reports or opinions from internal and external counsel and expert advisors and shall have the power to hire independent legal, finance and other advisors as they may deem necessary, without consulting with, or obtaining approval from, any officer of the Company in advance.

20. Extending the Invitation to a New Potential Director to Join the Board

The Chairman of the Governance and Nominating Committee shall, after consultation with the Chairman of the Board and approval of the Governance and Nominating Committee, extend invitations to new potential Directors on behalf of the Board.

21. Evaluating the Board's Performance

The Board and each committee shall conduct an annual self-evaluation in order to determine whether they are functioning effectively. The Governance and Nominating Committee shall set the methodology and shall oversee the annual self-evaluation process, to be discussed with the full Board following the end of each fiscal year. The assessment should include a review of any areas in which the Board or management believes the Board or its committees can make a better contribution to the Company. The Governance and Nominating Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Directors to various committees.

22. Review of Corporate Governance Guidelines

The Governance and Nominating Committee shall review and assess periodically, and at least annually, the adequacy of the Corporate Governance Guidelines of the Company and shall recommend any proposed changes to the Board for approval.

23. Other Public Company Directorships

The number of company boards of directors that a Director serves on shall be a factor that is considered in determining continued membership on the Board. Generally, the Board believes that service on other boards of directors of public companies shall be limited to three. While the Board recognizes that other directorships may add to the diversity of its members' experiences and skill sets, it believes such benefits may be offset by the difficulties inherent in balancing the competing time demands of multiple directorships. The Board shall review any exceptions on a case by case basis.

In recognition of the time demands as a full-time executive of the Company, the Board has also adopted a policy that the CEO may not serve as a director on the board of directors of more than two other companies.

BOARD MEETINGS

1. Frequency of Meetings

There shall be four regularly scheduled meetings of the Board each year, held quarterly.

2. Selection of Agenda Items for Board Meeting

The Chairman shall establish the agenda for each Board meeting in consultation with the Lead Director, if one has been appointed. Any individual Board members may suggest an item to be included on the agenda. The Board should review the Company's long-term strategic plans and broader market challenges faced by the Company in executing these plans during at least one Board meeting per year.

3. Board Materials Distributed in Advance

Materials pertaining to Board and committee meetings shall be distributed in advance of those meetings. A Director is expected to review all distributed materials prior to any Board or committee meeting in which the Director is a member. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

4. Attendance of Directors at Board Meetings

Directors are expected to regularly attend meetings of the Board or its committees of which they are members. Board members must attend at least 75% of all Board and committee meetings held during a calendar year. The Governance and Nominating Committee shall review directors' attendance annually.

5. Regular Attendance of Non-Directors at Board Meetings

The Board encourages the CEO to regularly have members of management of the Company attend Board meetings (other than executive sessions of independent Directors) to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. The independent Directors shall meet with the CEO without the other members of management present, as often as deemed appropriate but no less frequently than quarterly.

COMMITTEE MATTERS

1. Number of Committees

There are currently four standing Board committees: the Audit Committee; the Governance and Nominating Committee; the Compensation Committee; and the Risk Committee. The Board may form new committees and disband such committees as appropriate.

2. Independence of Board Committees

Each of the Audit Committee, the Governance and Nominating Committee, the Compensation Committee, and the Risk Committee shall be composed entirely of independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

3. Assignment and Rotation of Committee Members

Committee assignments are made by the Board based upon recommendations of the Governance and Nominating Committee; provided that in the case of the Governance and Nominating Committee, the Chairman of the Board shall recommend to the Board an individual to serve as Chair of such Committee and those two individuals shall recommend to the Board of Directors other individuals to serve as members of the Governance and Nominating Committee. In the case of committees other than Governance and Nominating Committee, the Chairman of Governance and Nominating shall consult with the Chairman of the Board, the Lead Director and each Committee Chairman, prior to making recommendations on Committee membership. Periodically, the Governance and Nominating Committee shall consider rotating committee memberships and Committee chairs and make any recommendations to the Board, although rotations are not required.

4. Frequency and Length of Committee Meetings

The Chairperson of each Committee shall determine the frequency and length of committee meetings in consultation with other Committee members.

5. Committee Agenda

The Chairperson of each Committee shall determine the Committee's agenda prior to the meeting giving consideration to management recommendations.

6. Number of Committee Members

Each Committee will be composed of not less than three independent Directors, with each independent Director serving on two Committees. The Board may adjust the number of members of each Committee from time to time, as appropriate.

LEADERSHIP DEVELOPMENT

1. Formal Evaluation of the CEO

The performance of the CEO shall be reviewed annually by the Compensation Committee based in part on preset goals. The results of this review, as well as the preset goals, shall then be submitted for consideration by the independent Directors of the Board at an executive session of the independent Directors. The results of the executive session shall be reported to the CEO by the Chairperson of the Compensation Committee.

2. Succession Planning

The Board shall plan for the succession to the position of the CEO. To assist the Board, the CEO shall prepare and distribute to the Board an annual report on succession planning including each senior officer of the Company and their assessment of senior managers and their potential to succeed the CEO and other senior management positions. In addition, the CEO shall prepare, on a continuing basis, a short-term crisis succession plan that delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term crisis succession plan shall

be approved by the Board at least annually and, if implemented, shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

3. Management Development

The CEO shall report periodically to the Board on the training and development program for management and shall review with the Board the senior officers who have change of control agreements with the Company. The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid- level managers throughout the Company.

Appendix

MEMBERSHIP CRITERIA FOR INDEPENDENT DIRECTORS OF NMI HOLDINGS, INC.

It is the Company's desire to select individuals for nomination to the Board of Directors, who, if elected, will best serve the interests of the Company and its shareholders. To accomplish this goal, each candidate nominee should:

- Possess fundamental qualities of intelligence, honesty, perceptiveness, good judgment, maturity, high ethics and standards, integrity, fairness and responsibility.
- Have a genuine interest in the Company and recognition that as a member of the Board one is accountable to the shareholders of the Company, not to any particular interest group.
- Have financial services or other relevant industry experience gained through senior management or board of director service.
- Have prior board experience. It is highly desirable that the prior board experience be with a public company. Absent that, a combination of executive officer level experience with a public company and membership on the board of a privately held company would be acceptable.
- Not serve on boards of directors of more than three other public companies in addition to the Board.
- Meet the requirements for an independent Director under NASDAQ listing requirements.
- Have the ability and be willing to spend the time required to function effectively as a Director.
- Be compatible and able to work well with other Directors and executives in a team effort with a view to a long-term relationship with the Company as a Director.
- Have independent opinions and be willing to state them in a constructive manner. Directors will be selected on the basis of talent and experience without regard to race, religion, gender, sexual orientation, or national origin. The Company seeks a Board with diversity of background among its members.