



COMPENSATION COMMITTEE CHARTER

I. STATUS

The Compensation Committee (the "Committee") is a committee of the NMI Holdings, Inc. (the "Company") Board of Directors (the "Board").

II. PURPOSE

The Committee is appointed to discharge the Board's responsibilities relating to the determination of compensation of the Company's Independent Directors, the Chief Executive Officer ("CEO") and other executive officers (the "Executive Officers") and the review and approval of the compensation plans, programs and policies as they affect the Executive Officers. The Committee is also responsible for reviewing and discussing with Management the Company's compensation discussion and analysis ("CD&A") required to be included in the Company's proxy statement pursuant to applicable federal securities rules and regulations, and to prepare the Compensation Committee Report as required by the rules of the Securities and Exchange Commission ("SEC"), which is intended for inclusion in the Company's proxy statement or Annual Report on Form 10-K.

III. COMMITTEE MEMBERSHIP

The Committee shall consist of no fewer than three members. The members of the Committee shall, in the judgment of the Board, meet the independence requirements of Sections 5605(a)(2) and 5605(d)(2)(A) of the NASDAQ Listing Rules and any other applicable laws or regulations. At least two members of the Committee shall also qualify as "non-employee" directors within the meaning of Rule 16b-3 under the Exchange Act (the "Independent Directors") and, when and to the extent applicable, as "outside" directors within the meaning of Internal Revenue Code ("Code") Section 162(m).

IV. OPERATION

The members of the Committee shall be appointed by the Board on the recommendation of the Governance and Nominating Committee. Committee members may be removed by a majority vote of the Board, including based on the recommendation of the Governance and Nominating Committee. Any vacancy on the Committee shall be filled by a majority vote of the Board based on the recommendation of the Governance and Nominating Committee.

The Chairperson of the Committee shall be designated by the Board. The Chairperson shall be responsible for presiding over meetings, preparing meeting agendas and reporting to the Board. In the event the Chairperson is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting.

The Committee shall meet at least four times each year at regularly scheduled meetings of the Board and at such other times as it deems necessary to fulfill its responsibilities. The Committee shall maintain minutes of its meetings and other records relating to those meetings. The Committee shall periodically meet separately, in executive session, with the CEO, and any compensation expert, consultant or counsel the Committee may retain to assist it in carrying out its duties. Written minutes of Committee meetings

shall be maintained. The Committee shall report regularly to the Board with respect to its activities and make recommendations to the Board as appropriate. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may form and delegate authority to subcommittees as it deems appropriate.

The Committee shall annually review its performance and this Charter and shall make recommendations to the Board, as appropriate.

V. RESPONSIBILITIES

1. CEO Compensation. The Committee shall annually determine, following review and discussion with the Independent Directors, the compensation package of the CEO. Such determination shall encompass base salary, annual bonus or other annual incentives, long-term incentives (including restricted stock, options or similar equity grants) and any other material component of compensation. In connection with this annual determination, the Committee shall review and approve corporate goals and objectives appropriate for the CEO position and shall evaluate the CEO's performance in light of those goals and objectives. In determining the compensation package, the Committee will consider factors that may include, but need not be limited to, any of the following: (a) the market competitiveness of the base salary and annual incentives; (b) the alignment of the interests of the CEO with those of the Company through a compensation package that emphasizes long-term stock ownership and links with drivers and changes in shareholder value; (c) the Company's performance and relative shareholder return; (d) the value of similar packages to chief executive officers at comparable companies; and (e) the package given to the CEO in past years. The CEO shall not be present during any deliberations related to or voting with respect to his or her compensation package.
2. Executive Officer Compensation. The Committee shall annually determine, following review and discussion with the Independent Directors, the compensation package of each of the Company's Executive Officers. Such determination shall encompass base salary, annual bonus or other annual incentives, long-term incentives (including restricted stock, options or similar equity grants) and any other material component of compensation. In connection with this annual determination, the Committee shall review and approve corporate goals and objectives appropriate for each Executive Officer and shall evaluate each Executive Officer's performance in light of those specific goals and objectives and on the recommendation of the CEO. More specifically, in determining the compensation package of each Executive Officer, the Committee will consider appropriate factors that may include, but need not be limited to, any of the following: (a) the market competitiveness of the base salary and annual incentives; (b) the alignment of the interests of each Executive Officer with those of the Company through a compensation package that emphasizes long-term stock ownership and links with drivers and changes in shareholder value; (c) the Company's performance and relative shareholder return; (d) the value of similar packages to executives at comparable companies; (e) the package given to the Executive Officer in past years; and (f) the CEO's recommendation as to the level of compensation. No Executive Officer (other than the CEO) shall be present during any deliberations relating to or voting with respect to the compensation package of any Executive Officer.

3. Employment Agreements and Change-in-Control Provisions. The Committee shall, periodically and as and when appropriate, review and approve the following as they affect the CEO and the Executive Officers: (a) any employment agreements and severance arrangements; (b) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (c) any special or supplemental compensation and benefits for the CEO and the Executive Officers and individuals who formerly served as the CEO or an Executive Officer, including supplemental retirement benefits and the perquisites provided to them during and after employment.
4. Other Employee Compensation. The Committee receives periodic reports on the Company's compensation programs as they affect all employees.
5. Independent Directors. The Committee shall annually determine, subject to ratification by a majority vote of the Independent Directors, the compensation package for the Independent Directors of the Company. Such determination shall encompass any retainer fees, meeting fees, restricted stock, options or similar equity grants and any other material component of compensation, including any charitable contributions by the Company to organizations in which a director is affiliated. Such determination may include, but need not be limited to, consideration of such factors as the competitiveness of the package and the manner in which the package aligns the interests of the Independent Directors with those of the Company's shareholders.
6. All Employees. With respect to all employees, including the CEO and Executive Officers, the Committee will review and discuss, at least annually, the relationship between the Company's risk management practices and the Company's compensation policies and practices and will consider whether such compensation policies and practices encourage risk-taking that would be reasonably likely to have a material adverse effect on the Company.
7. Incentive-Compensation and Equity-based Plans. The Committee shall have the following responsibilities with respect to the Company's incentive-compensation and equity-based plans:
 - (a) To review and approve all grants under the Company's equity-based plans.
 - (b) To review at least annually the Company's incentive-compensation and equity-based plans, and the goals and objectives of these plans, and amend, or recommend that the Board amend, these plans or goals and objectives if the Committee deems it appropriate.
 - (c) To review all equity-compensation plans that are subject to shareholder approval under the listing standards of the NASDAQ Global Market, and recommend to the Board that such plans be submitted to shareholders for approval.
 - (d) To review all equity-compensation plans that are not subject to shareholder approval under the listing standards of the NASDAQ Global Market, and to approve such plans in its sole discretion.
 - (e) To oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory

votes on executive compensation and the frequency of such votes.

- (f) To perform such duties and responsibilities as may be assigned by the Board under the terms of any incentive-compensation or equity-based plan.
8. Other Compensation and Employee Benefit Plans. The Committee shall have the following responsibilities with respect to the Company's other compensation and employee benefit plans:
- (a) To review at least annually the Company's general compensation plans and other employee benefit plans, and the goals and objectives of these plans, and amend, or recommend that the Board amend, these plans or goals and objectives if the Committee deems it appropriate.
 - (b) To perform such duties and responsibilities as may be assigned by the Board under the terms of any general compensation plans or employee benefit plans.
9. Regulatory and Administrative Matters.
- (a) Except to the extent the Committee has delegated such review and assessment, the Committee shall review and assess on a periodic basis the Company's compliance with laws and regulations relating to compensation and employee benefits, labor laws, employment discrimination, other human resources matters, and compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers.
 - (b) The Committee shall review and assess on a periodic basis the Company's guidelines regarding employee stock ownership and the Company's policies and procedures governing compliance with applicable laws relating to employee ownership of securities of the Company.
 - (c) The Committee shall receive periodic reports regarding delegated compliance assessments referred to in subsection (a).
 - (d) The Committee shall perform each of the reviews and assessments set forth in the foregoing subsections (a) – (b) based on reports and other materials provided to the Committee by management of the Company upon request of the Committee.
 - (e) The Committee is also responsible for reviewing and discussing with the CEO the CD&A required to be included in the Company's proxy statement pursuant to applicable federal securities rules and regulations, and to prepare the Compensation Committee Report as required by the rules of the SEC, which is intended for inclusion in the Company's proxy statement or Annual Report on Form 10-K.
 - (f) The Committee shall review and assess on a periodic basis the Company's long-range planning for executive development and succession programs, and shall assist the Board in the development and evaluation of senior executives.

10. Certifications. The Committee shall perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation plan, including, when and to the extent applicable, the certification of certain compensation awards for purposes of Code Section 162(m).

VI. OUTSIDE CONSULTANTS

The Committee shall have the authority, in its sole discretion, to retain and terminate (or obtain the advice of) any adviser to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in Section 5605(d)(3) of the NASDAQ Listing Rules. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

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