



National Mortgage Insurance Corporation
AMENDATORY ENDORSEMENT NO. 1 – AS08.12.01 (o) 07 15

This Amendatory Endorsement No. 1 (“Endorsement”) to the Mortgage Guaranty Insurance Master Policy Form No. AS08.12.01 07 13 (the “Policy”) shall be effective on the date that the Endorsement is issued by the Company to the Insured (“Effective Date”) and shall apply only to Loans (and related Certificates) originated on or after the Effective Date. For the avoidance of doubt, the Endorsement shall not apply to Loans (or related Certificates) originated prior to the Effective Date. All conditions of the Policy not modified by this Endorsement remain in full force and effect for all Loans insured under the Policy.

A new Definition shall be added to the Policy as follows:

Closing Disclosures means, with respect to a Loan or a Claim, the HUD-1 or substantially equivalent closing disclosures provided to the Borrower under the TILA-RESPA rule (12 CFR 1024, 1026), as such disclosures may be amended from time-to-time.

The following Policy Definitions shall be deleted and replaced with:

Closing File means, with respect to a Loan, the Closing Disclosures; the original note; the executed mortgage (including any riders thereto once returned from the land records); and the title insurance commitment. For the avoidance of doubt, the Closing File is not required for the Underwriting Review.

Independent Validation means, with respect to Section I(H) (Limitation on Rescission, Claim Denial and Certificate Cancellation), an independent review by the Company that shall be conducted regardless of whether the Company performs any initial underwriting to grant coverage under this Policy, and shall include: (i) an Underwriting Review; (ii) a comparison of the Closing File to such data and documentation obtained by the Company that describe the Loan prior to the date it was Closed; and (iii) review of the Property appraisal (or other Property valuation deemed acceptable by the Company) for compliance with the Company’s collateral eligibility requirements and to ensure that the estimate of value is adequately supported.

Underwriting Review means a full review by the Company of the documents contained in the Origination File that were provided by the Insured to the Company confirming that the Loan meets the Company’s eligibility criteria and determination of the premium to be charged. An Underwriting Review shall include review and evaluation of the following:

1. the Application;
2. the verification of income, verification of assets, verification of deposit/down payment, and verification of employment;
3. Borrower credit reports/verification of debts and credit scores;
4. support for the Original Value (e.g., purchase contract, appraisal);
5. verification of applicable loan calculations (e.g., debt-to-income, loan-to-value, etc.);
6. verification of the Borrower’s mortgage or rent payment history, as applicable;



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7. the Borrower's letter of explanation (LOX), including occupancy explanations (if applicable);
8. confirmation of the loan's compliance with the Company's Underwriting Guidelines; and
9. satisfactory passage of the loan through the Company's fraud prevention process, if applicable.

SECTION I.H.1.b) shall be deleted and replaced with the following:

- b) If (i) twelve (12) timely payments are not made as set forth in Section I(H)(1)(a), or (ii) the Company has not completed an Independent Validation, relief must still be granted after the 36th month following the due date of the Borrower's first regular periodic payment on the Loan, provided that the Borrower made the first thirty-six (36) consecutive monthly payments of principal, interest and escrow impounds in the amount required under Loan with the Borrower's Own Funds and not with funds received from the Seller or any other party to the transaction or through, or with the assistance of, additional financing arrangements designed to make such payments, and that the Loan was not subject to a forbearance agreement, repayment plan, or otherwise was modified from its original terms during the first thirty-six (36) months following the origination date, and provided further that the Loan is current at the end of such 36-month period (with allowance for such payment's applicable grace period as specified in the Loan document) and during such 36-month period, the Borrower had (i) no more than two 30-day delinquencies and (ii) no 60-day or greater delinquencies.

SECTION I.H.2.a) shall be deleted and replaced with the following:

- a) Misrepresented verifications of income, assets, down payment, deposit or employment, or Misrepresentation in the Closing Disclosures (as these documents have been within the First Party's or Insured's control). Note that the Company views verifications as important parts of a Loan Originator's control process;

SECTION I.H.3 shall be deleted and replaced with the following:

3. The Company shall provide Rescission relief after twelve (12) payments as set forth in Section I(H)(1)(a) only with respect to a Loan for which it has performed a satisfactory Independent Validation. If, in conducting its Independent Validation, the Company uncovers discrepancies, errors or any other questionable data or other information which it determines, in its reasonable judgment, is in need of re-verification, the Company shall independently obtain new information to re-verify accuracy and re-assess eligibility of the affected Loan using reasonably reliable third-party sources and records recognized as such in the mortgage origination industry. Any such re-verification shall be deemed to be Independent Validation.



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SECTION VI.L.1 shall be deleted and replaced with the following:

1. Overall, ensuring Loan quality consists, but is not limited to, the following key areas:
 - a) quality of the Loan Manufacturing Process;
 - b) underwriting philosophy, controls and escalation process;
 - c) appraisal/collateral controls, monitoring and escalation process;
 - d) Quality Control procedures, controls and actions to cure root cause issues;
 - e) [RESERVED]
 - f) fraud detection tools and controls; and
 - g) correspondent/channel review processes and controls.

The components of ensuring the quality of the Loan portfolio are:

- a) monitoring of insured Loan portfolio profile, Loan performance trends (e.g., delinquency and rates of Early Defaults), concentrations of risk and other factors indicative of Loan quality and performance;
- b) [RESERVED]
- c) evaluative feedback to the Insured on a periodic basis with respect to Loan performance, risk profiles, manufacturing issues, loss mitigation, and other relevant factors affecting performance of the Insured's portfolio overall and in relation to the Company's expectations.

This endorsement shall vary, alter, waive or extend any terms, conditions, provisions, agreements or limitations of the above referenced Policy only as noted above.

NATIONAL MORTGAGE INSURANCE CORPORATION

PRINCIPAL OFFICER

SECRETARY