

## AMENDATORY ENDORSEMENT

**UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY**

**UNITED GUARANTY MORTGAGE INDEMNITY COMPANY** [applicable name printed by computer]

230 N. Elm Street/27401  
P.O. Box 21367  
Greensboro, NC 27420-1367  
336.373.0232  
800.334-8966

### FOR MASTER POLICY

#### UNITED GUARANTY'S INDEPENDENT VALIDATION PROGRAM

The above Policy is amended effective as of the date stated on the face of the Policy as follows:

The following new Sections are added reading as follows:

#### 2.4A

##### **United Guaranty's Independent Validation Program—**

- (a) Notwithstanding any other provision of this Policy to the contrary, if the Insured submits a loan under the **Delegated Data Submission Method** with Independent Validation, if allowed, or the **Full File Submission Method** with Independent Validation, if allowed, under United Guaranty's Independent Validation Program, the Insured shall submit within one hundred twenty (120) calendar days of the Coverage Effective Date (or such other time period as may be specified in the Policy Commitment Letter, not to exceed six (6) months): (i) the Loan File Documents and such further documents as specified in the Policy Commitment Letter for each Loan for which Borrower and Underwriting Requirement relief under this Section 2.4A is requested, and/or (ii) the Appraisal for each Loan for which Appraisal and collateral eligibility relief under this Section 2.4A is requested.
- (b) For loans submitted to the Company under either the **Delegated Data Submission Method** with Independent Validation or the **Full File Submission Method** with Independent Validation under 2.4A(a)(i) for Borrower and Underwriting Requirement relief, the Company shall conduct an Independent Validation of the Borrower and Underwriting Requirements within one hundred twenty (120) calendar days following receipt of the documentation specified in 2.4A(a)(i) (or such other time period as may be specified in the Policy Commitment Letter, not exceed six (6) months), and the following provisions shall apply:
  - (i) Notwithstanding Section 2.2 (Representations of the Insured) and 2.3 (Company's Remedies for Misrepresentation), the Company will not issue a Rescission on a Covered Loan by reason of any material misstatements, misrepresentations, omissions or data inaccuracies under Section 2.2 (Representations of the Insured) arising out of the origination (including the taking of the Covered Loan application and processing of the Covered Loan through disbursement of the funds) of a Covered Loan, provided that all of the following requirements, conditions and circumstances are satisfied:
    - (A) the Covered Loan is not in Default (with allowance for a 15 day grace period for the Borrower to make the payment as of such date) as of the date which is twelve (12) months following the due date of the Borrower's first payment of

principal, interest and impound or escrow amounts in the amounts called for the Covered Loan ("First Payment"), and all such payments during this twelve (12) month period have been made from the Borrower's Own Funds unless expressly set forth in the Application, and

- (B) the Covered Loan had no thirty (30) day or greater delinquent payments during the first twelve (12) months following the due date of the First Payment, and
- (C) the Covered Loan has not been subject to a forbearance agreement, repayment plan or otherwise been modified from its original terms during the first twelve (12) months following the due date of the First Payment, and

If in completing an Independent Validation of the Borrower and Underwriting Requirements on the Covered Loan before the Borrower made the first twelve (12) timely monthly consecutive installment payments, should the Covered Loan fail such Independent Validation, the Company will, as applicable, either (i) issue a Rescission with respect to the Covered Loan if it finds Credible Evidence of material misstatement, misrepresentation, omission or data inaccuracy in the origination or closing of the Covered Loan, or (ii) notify the Insured that the Covered Loan is not eligible for Rescission relief under Section 2.4A, whether due to missing documents or inconclusive evidence of material misstatement, misrepresentation, omission or data inaccuracy in the origination or closing of the Covered Loan, in which case the Covered Loan will otherwise be considered for relief under Section 2.4(a) through (f) of this Policy.

- (ii) Notwithstanding that the conditions of Section 2.4A(b)(i) are met, the Company will issue a Rescission upon determination of any intentional and knowing material misstatement, misrepresentation, omission or data inaccuracy by a First Party with respect to a single loan, (i) where the Company determines through Credible Evidence that such material misstatement, misrepresentation, omission or data inaccuracy occurred in the origination or closing of the Covered Loan, and (ii) where the Company relied on such information in issuing a Certificate. Examples of Credible Evidence may be found in the Claims Guide in effect as of the Coverage Effective Date.
- (iii) Notwithstanding that the conditions in Section 2.4A(b)(i) are met, the Company will issue a Rescission upon its determination through Credible Evidence of any pattern activity of misstatement, misrepresentation, omission or data inaccuracy involving two (2) or more parties (i.e., the Borrower and one or more "Pattern Parties," or two (2) or more "Pattern Parties") and two (2) or more loans, at least one of which is insured by the Company. For purposes of this Section 2.4A(b)(iii), "Pattern Party" means (1) any individual acting with actual or apparent authority for the initial Insured, or (2) any First Party other than the initial Insured, or (3) any property seller, property builder, real estate broker or real estate agent.
- (iv) Provided that the conditions in Section 2.4A(b)(i) are met, the Company will not request files from the Insured for investigation (other than those required for filing a Claim pursuant to Section 8.1) or issue a Rescission or a Certificate Cancellation for failure to receive requested files from the Insured unless it becomes aware of Credible Evidence of First Party material misstatement, misrepresentation, omission or data inaccuracy in connection with a Covered Loan establishing reasonable grounds for a belief that the First Party intentionally and knowingly participated in the misstatement, misrepresentation, omission or data inaccuracy. Examples of Credible Evidence may be found in the Claims Guide in effect as of the Coverage Effective Date.
- (v) Notwithstanding any other provision of this Policy, the Company shall issue a Rescission on a Covered Loan if, prior to the Borrower making the first twelve (12) consecutive installment payments from the Borrower's Own Funds, the Company notifies the Insured in writing that the Company has Credible Evidence to establish a material misrepresentation under Section 2.2 (Representations of the Insured) with respect to

such Covered Loan and the Company provides to the Insured a description of such misrepresentation. Examples of Credible Evidence may be found in the Claims Guide in effect as of the Coverage Effective Date.

- (vi) The Company's payment of a Claim will not limit any additional rights in law or in equity the Company may have for any misrepresentation under Section 2.2 (Representations of the Insured).
- (c) For loans submitted to the Company under the **Delegated Data Submission Method** with Independent Validation under 2.4A(a)(ii) for Appraisal and collateral eligibility relief, the Company shall conduct an Independent Validation of the Appraisal within 120 days following receipt of the Appraisal (or such other time as may be specified in the Policy Commitment Letter, not to exceed six (6) months), and the following provisions shall apply:
  - (i) Notwithstanding anything in Section 2.4A(b)(i) through (vi) (United Guaranty's Independent Validation Program), Section 2.2 (Representations of the Insured) and 2.3 (Company's Remedies for Misrepresentation), the Company will not issue a Rescission on a Covered Loan that has been subject to an Independent Validation of the Appraisal by reason of any material misstatements, misrepresentations, omissions or data inaccuracies under Section 2.2 (Representations of the Insured) arising out of the Appraisal or collateral eligibility, provided that all of the following requirements, conditions and circumstances are satisfied:
    - (A) the Covered Loan is not in Default (with allowance for a 15 day grace period for the Borrower to make the payment as of such date) as of the date which is twelve (12) months following the due date of the Borrower's first payment of principal, interest and impound or escrow amounts in the amounts called for the Covered Loan ("First Payment"), and all such payments during this twelve (12) month period have been made from the Borrower's Own Funds unless expressly set forth in the Application, and
    - (B) the Covered Loan had no thirty (30) day or greater delinquent payments during the first twelve (12) months following the due date of the First Payment, and
    - (C) the Covered Loan has not been subject to a forbearance agreement, repayment plan or otherwise been modified from its original terms during the first twelve (12) months following the due date of the First Payment, and
  - (ii) if in completing an Independent Validation of the Appraisal, should the Covered Loan fail such Independent Validation, the Company will, as applicable, either (1) issue a Rescission with respect to the Covered Loan if it finds Credible Evidence of material misstatement, misrepresentation, omission or data inaccuracy in the Appraisal, or (2) notify the Insured that the Covered Loan is not eligible for relief under this Section 2.4A, whether due to missing documents or inconclusive evidence of material misstatement, misrepresentation, omission or data inaccuracy in the Appraisal, in which case the Covered Loan will otherwise be considered for relief under Section 2.4(a) through (f).

**Nothing contained in this Endorsement shall be held to vary, alter, waive or amend any of the terms, conditions or provisions of this Policy or any endorsements to this Policy except as stated above.**