



## National Mortgage Insurance Corporation Montana State Variation Endorsement to Master Policy Mortgage Guaranty Insurance (AS08.12.01 07 13)

Upon the Company's issuance of this endorsement to the Insured, the Mortgage Guaranty Insurance Master Policy, Form No. AS08.12.01 07 13 (the "Policy") is hereby amended as follows for each Loan and its related Certificate to the extent required by Montana law.

Capitalized terms not otherwise defined herein shall have the meanings given to them in the Policy.

### 1. **Definitions**

The definition of **Rescission** is hereby amended to remove the word "warranties." The remaining language is unchanged.

### 2. **Section I.E.5 Cancellation of Master Policy** is hereby deleted and replaced in its entirety with the following language:

#### 5. Cancellation of Master Policy.

##### (a) Cancellation of the Policy by the Company

For the avoidance of doubt, once a Certificate has become effective with respect to a Loan, this Policy may not be cancelled by the Company for as long as any Certificate issued under this Policy remains in force. Notwithstanding the foregoing, the Company is under no obligation to issue Commitments or Certificates under this Policy and may cease issuing new Commitments and Certificates without prior notice to the Insured. If there are no Certificates in force under this Policy, the Company may cancel the Policy by giving the Insured ten days' advance written notice.

Subject to the immediately preceding paragraph, the Company may not cancel the Policy unless it is based on one of the following reasons:

- 1) for reasons specifically allowed by statute;
- 2) for failure to pay a premium when due; or
- 3) on grounds stated in the Policy which pertain to the following:
  - i. material misrepresentation;
  - ii. substantial change in the risk assumed, except to the extent that the Company should reasonably have foreseen the change or contemplated the risk when the contract was written;
  - iii. substantial breaches of contractual duties, conditions, or warranties;
  - iv. determination by the Montana Insurance Commissioner that continuation of the Policy would place the Company in violation of the Montana Code;
  - v. financial impairment of the Company; or

- vi. any other reason approved by the Montana Insurance Commissioner.

(b) Cancellation of the Policy by the Insured

If the Insured desires to cancel this Policy, it may do so by cancelling all outstanding Certificates that have been previously issued under this Policy, including outstanding Certificates on any Loans that are delinquent, in which case (a) any premium previously paid that is unearned (after application of the Company's cancellation schedule) as of the effective date of cancellation shall be returned to the Insured or its Servicer and (b) any premium earned but not paid as of the effective date of cancellation shall be paid to the Company. In calculating any such premium refund, the Company may net out amounts due to the Company pursuant to this Policy.

3. **Section IV.C.4 (b)(1) Option to Acquire Loan - Exercise of Option; Insured's Obligations.**

To remove any reference to the term "warranties" and to make conforming changes, **Section IV.C.4 (b)(1)** is hereby deleted and replaced in its entirety with the following language:

One or more assignments (as shall be necessary or appropriate) to the Purchaser, containing customary representations, duly and properly executed and in recordable form, of all of the Insured's ownership right, title and interest in and to the Loan and related documents and, unless otherwise agreed to between Purchaser and the Insured, sale and servicing transfer agreements containing such representations and covenants as the Purchaser shall reasonably require.

- 4. In the last paragraph of **Section IV.C.4(b)**, the reference to the term "warranty" is hereby deleted and replaced with the term "representation."

5. **Section VI. Additional Conditions**

**Section VI. E. Governing Law; Conformity to Statute** is hereby deleted and replaced in its entirety with the following language:

This Policy, including the Certificate, and the Claim or Insurance Benefit related to any Loan, shall be governed by the law of the State of Montana. Any provision of this Policy that is in conflict with the laws of such jurisdiction is hereby amended to conform to the minimum requirements of that law, it being the intention of the Insured and the Company that the specific provisions of this Policy shall be controlling whenever possible.

**Section VI.F. Arbitration** is hereby deleted and replaced in its entirety with the following language:

Unless prohibited by applicable law, any controversy or dispute, including any Claim made hereunder, arising out of or relating to this Policy, or the breach, interpretation or construction thereof, may, upon the mutual consent of all parties to the dispute, be settled by arbitration in accordance with the rules of the American Arbitration Association deemed most appropriate by such association, or other such rules as are mutually agreed to by all parties to the dispute, with each party to the dispute paying their own costs and for common costs for the arbitration to be shared equally. For the avoidance of doubt, no provision of this Policy shall be construed to require any Third-Party Beneficiary that is a GSE to submit to arbitration hereunder, and any decision rendered by an arbitrator relating to this Policy shall have no applicability to or be of any force or effect against any Third-Party Beneficiary that is a GSE unless the GSE consented in writing to the arbitration.

6. **Section VI.L Loan Manufacturing Process**

To remove any reference to the term “warranties” and to make conforming changes, **Section VI.L** is hereby replaced in its entirety with the following language:

The integrity of the Insured’s (and Loan Originator’s, where applicable) Loan Manufacturing Process is critical to the decision made by the Company to enter into this Policy with the Insured. Therefore review by the Company of the Insured’s Loan Manufacturing Process is a critical component of the Company’s continued reliance on the Insured’s representations under this Policy.

7. To the extent the term “sole” is used in this Policy with respect to the exercise of sole discretion or sole judgment by the Company, such reference to “sole” shall be removed in each case.

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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**

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PRINCIPAL OFFICER

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SECRETARY