



Arch Mortgage Insurance Company
3003 Oak Road
Walnut Creek, CA 94539

Delegated Underwriting Endorsement

DELEGATED UNDERWRITING ENDORSEMENT TO FIRST LIEN MASTER POLICY, FORM ARCH 1800.00 (07/14)

It is understood and agreed that:

- A. The Company has qualified the Policyholder to deliver Loans for coverage under the Delegated Underwriting Endorsement (the “Delegated Endorsement”). Through this Delegated Endorsement and subject to all of the terms and conditions of the Master Policy, the Company delegates to the Policyholder its authority to underwrite whether mortgage insurance should be issued with respect to Loans. The Company’s delegation of its underwriting authority is expressly defined and limited by the Master Policy, as amended by this Delegated Endorsement. By delivering a Loan to the Company for coverage under the Delegated Endorsement, the Policyholder is deemed to acknowledge, understand and agree to such terms and conditions.
- B. The Master Policy, as amended by this Delegated Endorsement, shall apply to each Loan delivered for coverage hereunder (each a “Delegated Loan”).
- C. The Delegated Program Manual published on the Company’s website as it may be amended from time to time, contains additional information related to the delivery of Delegated Loans for coverage hereunder.
- D. The Master Policy shall be deemed to be amended as set forth below only with respect to Delegated Loans and shall not be amended by this Delegated Endorsement in connection with any Loan that is not a Delegated Loan. The Master Policy is amended as follows for each Delegated Loan:
 - 1. **The following provision is added as a new subsection (d) to Section 1.60 (definition of “Origination Error”):**
 - d) *The Loan was not Originated and/or the mortgage insurance was not underwritten in conformance with the Approved Underwriting Guidelines.*
 - 2. **The following provision is added as a new defined term in Section 1:**
 - “Approved Underwriting Guidelines” means:
 - a) *the Underwriting Guidelines; or*



b) *the Policyholder's underwriting guidelines, policies and procedures submitted to and approved in Writing by the Company for use under the Delegated Endorsement; or*

c) *any combination of the Underwriting Guidelines and the Policyholder's underwriting guidelines, policies and procedures approved in Writing by the Company for use under the Delegated Endorsement.*

3. The text of Section 2.1(a) (Scope of Master Policy) is deleted in its entirety and replaced with the following:

2.1 Scope of Master Policy

The Master Policy applies only to Loans:

(a) That are underwritten for mortgage insurance by the Policyholder pursuant to a delegation of the Company's insurance underwriting authority to the Policyholder under the Delegated Endorsement. To be eligible for coverage under the Master Policy, the Delegated Loan must conform to the Approved Underwriting Guidelines. It is the Policyholder's obligation to determine whether a Loan conforms to the Approved Underwriting Guidelines; and

Section 2.1(b) is unchanged.

4. The text of Section 2.2 (Insurance Application) is deleted in its entirety and replaced with the following:

2.2 Delivery of Loan Data

To insure a Loan under the Master Policy, the Policyholder must transmit data regarding the Loan to the Company within forty-five (45) days after the Loan Closing Date, or such other period as we approve, and in a form and format prescribed in the Delegated Program Manual, or as may otherwise be approved by the Company in Writing. Upon receipt of a transmittal from the Policyholder containing data that satisfies the eligibility requirements established by the Company, the Company shall within five (5) Business Days following such receipt send to the Policyholder a Commitment or a Certificate which offers to extend (in the case of a Commitment), or extends (in the case of a Certificate), coverage under the terms and conditions of the Master Policy. Payment of Premium, as specified in the Commitment, is a condition precedent to a Commitment being converted to a Certificate extending coverage under the Master Policy to the related Loan. If the Company issues a Commitment containing other conditions precedent to the issuance of insurance, the Policyholder shall satisfy such conditions before the Commitment becomes a Certificate.



5. Section 2.3 (Declination of Insurance Application/New Commitments) is deleted in its entirety and replaced with the following:

2.3 Declination of Transmittal /New Commitments

If the Company declines a transmittal of data regarding a Loan under Section 2.2, it will not issue a Commitment or a Certificate, and it shall within five (5) Business Days following receipt of the Loan Data as specified in Section 2.2 (Delivery of Loan Data) notify the Policyholder in Writing of the declination. The Company is under no obligation to extend insurance coverage under the Master Policy and may cease issuing new Commitments and Certificates without prior notice to the Policyholder.

6. The following provision is added as a new Section 2.8:

2.8 Term of the Delegated Underwriting Endorsement

The Company shall issue Commitments and Certificates extending coverage under the Master Policy to Loans Originated by the Policyholder under the terms of the Delegated Endorsement on and after the date on which the Delegated Endorsement is delivered to the Policyholder and until the Company terminates the Policyholder's delegated authority to place mortgage insurance pursuant to Section 2.9.

7. The following provision is added as a new Section 2.9:

2.9 Withdrawal or Limitation of Delegation

The delegation to the Policyholder of the Company's authority to underwrite mortgage insurance under the Master Policy is at the Company's sole discretion. The Company has the absolute right to withdraw or limit its delegation of authority to underwrite mortgage insurance at any time for any reason with or without cause.

a) Withdrawal of Delegation for Cause. If the withdrawal is for cause, the Company has the right to withdraw the delegation, effective immediately upon giving notice to the Policyholder, whether in Writing, orally or by any other means, and shall have no obligation to insure any additional Loans or issue any Certificates, including on Loans previously approved by the Policyholder for which the Company has not issued a Certificate. If the notification of withdrawal for cause is not done in Writing, the Company shall confirm the withdrawal of the Policyholder's delegated authority is for cause by Written notice of such withdrawal within thirty (30) days after the withdrawal. The withdrawal or limitation of the delegation of authority, if for cause, shall not be the Company's exclusive remedy, but rather shall be cumulative to any other remedies available to the Company. A



withdrawal or limitation of the delegation of authority shall be “for cause” as used herein if the Company has reasonable cause to believe that the Insured has breached or failed to comply with, through act or omission, any of the terms and conditions of the Master Policy or the Delegated Endorsement. Immediately upon notification of withdrawal for cause, the Company shall have no further obligation to extend coverage to any Loans under the Delegated Endorsement including any Loans already approved by the Policyholder but not yet submitted to the Company.

b) Withdrawal of Delegation Without Cause. If the withdrawal of the Policyholder’s delegated authority is not for cause, the Company shall give the Policyholder at least thirty (30) days’ prior Written notice of the withdrawal. At the conclusion of the thirty (30) day period, the Company shall have no obligation to extend coverage to any Loans under the Delegated Endorsement including any Loans already approved by the Policyholder but not yet submitted to the Company for issuance of a Commitment or Certificate.

8. The following provision is added as a new Section 2.10

2.10 Confirmation of Approved Underwriting Guidelines / Changes to Approved Underwriting Guidelines

a) Confirmation of Approved Underwriting Guidelines. From time to time the Company shall send a Written notice to the Policyholder identifying the Approved Underwriting Guidelines with respect to such Policyholder indicated in the Company’s records. Failure of the Policyholder to respond in Writing within thirty (30) days of the date it receives such Written notice shall be deemed an acknowledgment by the Policyholder that the Company’s records with respect to the Approved Underwriting Guidelines are correct.

b) Changes to Policyholder’s Approved Underwriting Guidelines. If the Policyholder’s underwriting guidelines policies or procedures are approved for use in full under subsection (b) or (c) of the definition of Approved Underwriting Guidelines, or in part under subsection (c) thereof, to continue to be considered Approved Underwriting Guidelines, any changes or supplements to such underwriting guidelines policies or procedures shall be approved in Writing by the Company prior to their use under the Delegated Endorsement. The Company’s consent to changes or supplements to the Policyholder’s underwriting guidelines policies or procedures shall be deemed to be given if the Company does not advise the Policyholder in Writing that it does not consent to the changes or supplements within forty-five (45) days of its receipt of Written notice of such proposed changes or supplements from the Policyholder. Any Commitment issued under the Delegated Endorsement on or after the date the Company’s consent to proposed changes or supplements has been given or is deemed to be given shall comply with the Approved Underwriting Guidelines, as so amended, to be eligible for coverage under the Master Policy.



(c) Changes to Underwriting Guidelines. The Company retains the right to change or supplement its Underwriting Guidelines at any time, and from time to time. The Company shall give the Policyholder thirty (30) days' Written notice of any such changes or supplements, including the effective date. Any Commitment issued under the Delegated Endorsement using Approved Underwriting Guidelines under subsection (a) or (c) of the definition thereof on or after the effective date indicated in the Company's Written notice shall comply with the Company's Underwriting Guidelines to be eligible for coverage under the Master Policy.

9. The following provision is added as a new second paragraph to Section 9.1(e):

The Company's audit rights under this Section 9.1(e) include the Company's right to conduct audits of the Policyholder's delivery of Loans for coverage under the Delegated Endorsement. The Policyholder shall make the Loan Origination File for a Delegated Loan available to the Company for the Company's on-site review at the Policyholder's premises or in an electronic medium acceptable to the Company no later than fifteen (15) days from the Company's request, or such other time period agreed upon between the Company and the Policyholder. If the Policyholder fails to timely make a Loan Origination File for a Delegated Loan available to the Company after the Company's request, in addition to its rights under Section 8.2(c) and Section 9.1(b), and subject to the Rescission limitations under Section 3.3 with respect to that Loan, such failure to provide the Loan Origination File gives the Company the right, to withdraw or limit immediately the Policyholder's delegation of authority to underwrite mortgage insurance under the Delegated Endorsement for cause under Section 2.9.

This Delegated Endorsement does not apply to any Loan that is not a Delegated Loan nor does it modify the Master Policy or extend coverage on any Loan that is not a Delegated Loan. All capitalized terms used in this Delegated Endorsement shall have the meanings set forth in the Master Policy, except as otherwise defined herein. All conditions of the Master Policy not modified by this Delegated Endorsement remain in full force and effect for all Loans insured under the Master Policy. If any of the terms and conditions included in this Delegated Endorsement conflict with the terms of the Master Policy, the terms of this Delegated Endorsement shall control.