



MI

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SUMMARY OF GSE/FHFA 30 REQUIRED AND 2 RECOMMENDED NEW MI MASTER POLICY PROVISIONS AND COMPARISON OF THE NEW ARCH MI FIRST LIEN MASTER POLICY TO THE EXISTING ARCH MI FIRST LIEN MASTER POLICY

| No. | SUMMARY OF GSE/FHA REQUIREMENT | NEW ARCH MI MASTER POLICY SECTION NUMBER | CURRENT ARCH MI MASTER POLICY |
|-----|---|---|---|
| 1 | Exclusions: Curtailment rather than denial of claim required when harm to MI can be quantified. | 6 | § III. Similar provision. |
| 2 | Limitation on exclusions for non-residential Properties. 1) the Property need only be residential as of the coverage effective date (not when the Claim is filed); or 2) the definition of Residential must include mixed-use buildings where the mixed-use is a legal and permissible use of the Property under local zoning requirements, and the Property is a one-family dwelling that the occupant occupies as a principal residence and is both the owner and operator of the business; or 3) the exclusion may only apply if there was a change to the Property that occurred after the coverage effective date that lowers the fair market value of the Property to a level below what the fair market value of the Property would have been as of the Claim filing date had the change to the Property not been made, and the GSE fails to restore the Property and its value to its pre-change condition and level. | 1.77 (Definition of “Residential”) 6.4 (Non-Residential Property Exclusion) | §I.LL. (definition of “Residential”) §III.D. (Residential Property Exclusion) Current exclusion requires property to be non-residential as of the date the Loan is Closed, on the Effective Date, and on the date the Claim is filed. |
| 3 | 10 business days for MI to approve Loan modifications. | 4.2 | No timing component. |
| 4 | 10 business days for MI to approve deeds-in-lieu | 7.4(d) | No timing component |
| 5 | Foreclosure and eviction proceedings may be delayed in the event of court or government imposed moratoria that apply to all lenders for loans on Properties in a given jurisdiction. | 7.3(a) | No specific provision. Insured must “Diligently pursue the Appropriate Proceedings once they have begun.” |
| 6 | No policy limitation on servicer/insured’s right to | 4.3 | No similar provision. |

CMG Mortgage Insurance Company has changed its name to Arch Mortgage Insurance Company in Wisconsin, its state of domicile. Filings are underway in all other jurisdictions where required.

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| | foreclose | | |
| 7 | Limitation on claim denial for unapproved short sales. | 7.4(c) | No similar provision. |
| 8 | <p>Tighten the time period and process around post-Claim filing MI requests for additional information necessary to complete Claim investigations and perfect Claims as follows:</p> <ul style="list-style-type: none"> • 1) MI must, either inside or outside the policy, specify all of the origination, closing, and servicing documents necessary to perfect a Claim. If outside the policy, the policy must specify where the list is maintained. If the list is changed, the version that governs is the one in effect on the coverage effective date. The MI will manage communications to specify updates to loan documentation requirements and the applicable dates. The MI is responsible for tracking the communications and providing clarity to the Servicer on the documentation standards that apply. • 2) The Claim Settlement Period must be established as the date which is no later than 60 days following the date the Claim is perfected; • 3) If the MI determines that the Claim is complete as filed, the Claim is deemed perfected as of the Claim filing date; • 4) If the MI determines that additional information is needed before the Claim can be considered complete, it must request such additional information within 20 days following the Claim filing date, and the Claim Settlement Period is suspended until the MI receives | <p>8(1): 1.16 and 1.74</p> <p>8(2): 1.16</p> <p>8(3): 8.2(c)(i)</p> <p>8(4): 8.2(c)(ii)</p> | <p>Company has 20 days after receipt of claim to request documents if claim is incomplete.</p> <p>If no notice of deficiency is sent, claim is deemed perfected and 60 day claim settlement period begins.</p> <p>Required claim documents and other documents not specified. “All other documentation or information reasonably requested by the Company for purposes of investigating and/or adjusting the Claim”</p> <p>No appeal process in policy.</p> |

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| | <p>all such information;</p> <ul style="list-style-type: none"> • 5) The Claim is deemed perfected as of the date all such information requested by the MI is received; • 6) The MI shall have 10 days after receipt of such information in which to make a second request for information, and the Insured must use reasonable efforts to satisfy such second request, but the Claim Settlement Period will not be further suspended; • 7) If the MI does not receive the additional information in its first request within 30 days following such request, it will promptly send a notice to the Insured as a courtesy reminder. If a Third-Party Beneficiary requests to receive copies of such notices, the MI will provide them to that Third-Party Beneficiary; • 8) A Claim may not be denied in less than 120 days following the Claim filing date due to failure to provide the additional information. • 9) If a Claim is not perfected within 120 days following the Claim filing date, irrespective of any interim suspension of the Claim Settlement Period and irrespective of the MI's requests for additional documents, the MI must deny the Claim and explain the reason for denial on the explanation of benefits; • 10) If state law requires such an extended period, the policy must specify the maximum period within which the MI will allow a Claim to be filed/perfected or re-filed/perfected beyond the 120 days before deeming non-filing to be an election to waive benefits; and <p>11) MI must specify its appeal process for Claim</p> | <p>8(5): 8.2(c)(ii)</p> <p>8(6): 8.2(c)(ii)</p> <p>8(7): 8.2(c)(iii)</p> <p>8(8): 8.2(c)(iv)</p> <p>8(9): 8.2(c)(iii)</p> <p>8(10): 8.2(c)(iv)</p> <p>8(11): 8.6</p> | |

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| | curtailments, Claim Denials, Company Initiated Cancellations, and Rescissions, including documentation requirements, timelines, etc. Such process may be inside or outside the policy. Policy must specify that if coverage is reinstated after appeal, the Claim is deemed perfected as of the reinstatement date and must be settled within the remaining Claim Settlement Period. | | |
| 9 | Penalty interest at note rate if claim not paid within 60 days following date claim is perfected. Additional 10% if paid later than 120 days after claim is perfected. | 8.4(d)((Penalty interest) | Penalty interest at note rate if claim paid after claim settlement period. |
| 10 | Limit on claimable attorneys' fees for foreclosure process. | 8.3(c) For loans with UPB less than \$200,000, lesser of 5% of sum of default UPB plus interest or \$6,000. For loans with UPB of \$200,000 or more, lesser of actual fees, 3% of sum of default UPB plus interest. | Cannot exceed 3% of the sum of the Default Amount plus accumulated delinquent interest. |
| 11 | UPB for purpose of calculating claim includes neg am and capitalized interest approved in a modification. | 1.25 | Negative amortization not covered in policy. Neg am endorsement covers. |
| 12 | Limitation on claim deduction for rents | 8.3(d) | Not in policy. |
| 13 | Rents received can only be subtracted from the Claim Amount for periods during which the Claim Amount includes interest and Advances. | 7.4(e) | Claim Amount may be adjusted as a result of Insured's failure to mitigate loss, but no provision requiring detailed description in EOB. |
| 14 | Increase restoration threshold for Physical Damage to the | 1.66 Excluded if Physical Dg. and: 1. After Commitment before Default; and | Excluded if Physical Damage was Uninsured Casualty and the primary cause of Default; or |

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| | Property from \$1,500 to \$5,000 | 2. Cost to repair = or > 25% of the default UPG; and 3. Property is Uninhabitable as of the date of the Claim; and 4. Physical Damage was an Uninsured Loss. | Acquisition option selected and property not restored (Arch could reduce acquisition cost by cost to restore). |
| 15 | Limitations on pre-claim advances | 7.4(f)(i) | Not in policy. |
| 16 | 10 business days for MI to approve short sale. | 1.10 (business day) 7.4(c) (loss mit) | “Pre-Arranged Sales” permitted. No timing requirements. |
| 17 | MI must record deed within 60 days of acquiring Property as Claim settlement | 8.2(d)(i) | No similar provision. |
| 18 | Limitations on lapse in coverage of policy due to non-payment. | 1.35 2.6(c)(ii) 2.6(c)(iii) 2.6(c)(iv) Lapse if premium not received within 60 days of due date. Extended by 60 days for transfer, seizure, or surrender of servicing. | Lapse if premium not received within 45 days of due date. Extended by 60 days if due to transfer, seizure or surrender of the servicing. |
| 19 | Environmental hazards limitation. | 1.31 | Not specified. |
| 20 | Endorsement forms and commitment/ | 1.12 1.18 9.14 | Complies |

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| | certificate forms requirement. | | |
| 21 | Specification and clarity that certain fees related to multi-family dwellings are claimable. | 7.5(e) 7.5(f) | No similar provision |
| 22 | Requirements related to pursuit and sharing of deficiency judgments and sharing of loss mitigation recoveries | 9.3(c) | Similar provision. |

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| 23 | Specifications regarding bidding instructions | <p>7.3(b)(vii)</p> <p>Less detailed than current policy. (vi) bid an amount at the foreclosure sale which fully protects the rights of the Company under the Master Policy against the Borrower, including Deficiency Rights, in accordance with the Delinquency and Claims Reference Manual, or as otherwise directed by the Company; provided that, in the case of a GSE Loan, the Insured must bid in accordance with the Company's foreclosure bidding instructions which have been previously approved by the GSE.</p> | <p>Policy requires that if the FMV of a Property is less than the Uninsured Loan Balance, the Insured shall start bidding at not less than the FMV of the Property and may continue bidding up to a maximum of the Uninsured Loan Balance.</p> <p>If the FMV of a Property is greater than the Uninsured Loan Balance, the Insured shall start bidding at not less than the Uninsured Loan Balance up to a maximum amount equal to the Claim Amount.</p> |
| 24 | Specification of penalty interest due for rescission reversals. | 8.6 | No similar provision |
| 25 | Pro rata sharing of cash contributions or promissory notes obtained from borrowers. | 7.4(c) | No similar provision |

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| 26 | Limitations on accelerated claims | 8.1(c) | Accelerated claim filing provision exists, but no similar provisions a required by No. 26. |
| 27 | GSE's must be a "Third-Party Beneficiary of the coverage and not the Insured, unless they expressly request to be the Insured. | 27(1): 1.37 27(2): 1.43 27(3): 1.43 27(4): 1.79 27(5): 1.37 27(6): 1.79 27(7): 9.1(f) 27(8): 9.5(b) Non-GSE Loans. Same as current policy. Owner of the loan is the Insured. GSE Loans (owned or guaranteed) GSE is a GSE Beneficiary and Policyholder is the Insured or the servicer if the Policyholder sold the loan. | Owner of the loan is the Insured. GSEs are considered insured when they own or guaranty a loan. Servicer is not the Insured. |
| 28 | Detailed specifications and limitations on rescissions and granting early relief on rescissions. | 3.2 | Master Policy: 12 month incontestability for borrower fraud. Delegated Endorsement: Day 1 incontestability for borrower fraud. |
| 29 | Specifications for definitions of "Claim Denial," "Company Initiated Cancellation," and "Rescission." | 1.15: Claim Denial 1.20: Company Initiated Cancellation | Not in policy. |

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| | | 1.76: Rescission | |
| 30 | Premium refund requirements after payment of Claim. | 2.6(b)(iii) | Not in policy |
| 31 | Specification that principal forgiven as a result of a loan modification is claimable. | 4.1(d)(ii) | Not in policy |
| 32 | Incorporation of existing endorsements | Yes. | N/A |