

# RADIAN

RADIAN GUARANTY INC.

1601 Market Street - Philadelphia, PA 19103 - (215) 564-6600

## MORTGAGE POOL INSURANCE POLICY

RADIAN GUARANTY INC., a Pennsylvania corporation, (a stock insurance company herein called the "Company") agrees to pay to the Insured identified below, in consideration of the premium paid or to be paid as specified herein, Loss sustained by reason of the Default in payments by a Borrower on any Mortgage Agreement insured under this Policy and listed in the attached Schedule (as amended by the Company from time to time), subject to the terms and conditions contained herein.

**Insured:**

Policy Number of Policy	Insured's Identification Number	Effective Date
-------------------------	---------------------------------	----------------

<b>Premium Rate/Due Date:</b>	\$ _____ per Mortgage Agreement, payable, with respect to each such Mortgage Agreement, no later than sixty (60) days after coverage attaches hereunder.
-------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------

**Aggregate Loss Percentage/Submit A:**  
**Aggregate Loss Percentage/Submit B:**

### CONDITIONS

1. **Definitions**

- A. "Approved Sale" is (1) a sale of property acquired by the Insured because of a Default by Borrower and to which the Company has given prior approval, or (2) a foreclosure or trustee's sale of a property to a third party, following a Default by Borrower, at a price equal to or exceeding the maximum amount specified by the Company to be bid by the Insured.
- B. "Borrower" is the individual required to repay the debt obligation

**RADIAN**  
created pursuant to a Mortgage Agreement insured under this Policy.

- C. *"Consummated"* or *"Consummation"* means the date on which the Mortgage Agreement was closed and all loan and other documents related thereto were executed.
- D. *"Default"* occurs when a Borrower becomes in arrears in an amount equal to or greater than one (1) monthly principal and interest payment due under a Mortgage Agreement.
- E. *"Eligibility Requirements"* means, with respect to each Mortgage Agreement:
- (i) that it was Consummated no later than thirty (30) days after the date of issuance of a Mortgage Lien Report on the property which secures such Mortgage Agreement; and
  - (ii) that such Mortgage Agreement was duly recorded in the appropriate public records no later than forty-eight (48) hours after funds were advanced to the Borrower pursuant thereto.
- F. *"Initial Principal Balance"* is the unpaid principal balance of a Mortgage Agreement at the time this Policy's coverage of such Mortgage Agreement attaches.
- G. *"Insured"* is the Person so designated on the face of this Policy. The Insured may contract with any other Person to perform the Insured's obligations under this Policy.
- H. *"Loss"* means the amount of loss actually paid by an Insured in connection with a Default on a Mortgage Agreement, as determined pursuant to Condition 6 hereof. The term *"Loss"* shall include both Loss calculated pursuant to Condition 6.C. hereof and Undisclosed Lien Loss calculated pursuant to Condition 6.D. hereof.
- I. *"Mortgage Agreement"* is any note and any mortgage, bond, deed of trust, or other instrument (i) used in connection with a Borrower's loan, (ii) evidencing a first lien or charge on Residential real property, and (iii) meeting the Eligibility Requirements.
- J. *"Person"* is any individual, corporation, partnership, association or other entity.

# RADIAN

- K. **"Policy"** is this policy of insurance and all applications, commitments, endorsements and schedules relating hereto, all of which are incorporated by reference herein.
- L. **"Property"** means the property which secures a Mortgage Agreement covered hereunder.
- M. **"Residential"** is a type of building or condominium unit which is designed for occupancy by not more than four families.
- N. **"Schedule"** is the listing of Mortgage Agreements which are insured under this Policy.
- O. **"Total Initial Principal Balances"** is the sum of the Initial Principal Balances of all the Mortgage Agreements for which coverage attaches under this Policy. As Mortgage Agreements covered hereunder are prepaid or paid in full or otherwise liquidated from time to time, the Initial Principal Balances thereof will be deducted from and reduce the dollar amount of Total Initial Principal Balances. As additional Mortgage Agreements are added for coverage hereunder from time to time, the Initial Principal Balances thereof will be added to and increase the dollar amount of the Total Initial Principal Balances.
- P. **"Undisclosed Lien"** means any lien or similar encumbrance which (i) takes priority over the position of a Mortgage Agreement and (ii) was not disclosed on the Ownership and Legal Description Verification Report (with Tax Status Report), the Mortgage Lien Report, the Borrower's Application or the Borrower's Affidavit obtained by the Insured prior to the Consummation of such Mortgage Agreement and (iii) was not otherwise known to the Insured prior to the Consummation of such Mortgage Agreement.
- Q. **"Undisclosed Lien Loss"** means a Loss arising from an Undisclosed Lien.

## 2. **Effective Date**

The effective date of this Policy shall be the date specified on the face hereof. This Policy shall provide coverage only for Mortgage Agreements meeting the Eligibility Requirements that are Consummated after the Effective Date and are listed on the attached Schedule (as amended by the Company from time to time).

Subject to applicable law, and to Condition 3. herein, the insurance coverage provided

# RADIAN

under this Policy is non-cancellable by the Company and shall continue in force until each Mortgage Agreement insured hereunder has been paid in full or is otherwise liquidated. Coverage hereunder attaches, with respect to each Mortgage Agreement, when such Mortgage Agreement is Consummated, provided that it meets the Eligibility Requirements and is listed on the attached Schedule.

### 3. Premiums

- A. The premium for this Policy shall be paid to the Company in the manner and at the premium rate specified on the face hereof. Failure to pay premium for any Mortgage Agreement within sixty (60) days after coverage attaches hereunder will terminate the liability of the Company with respect to the coverage of such Mortgage Agreement contained in this Policy. There shall be no refund of premium under this Policy.
- B. In the event either aggregate limit under this Policy is reached, the Premium payable pursuant hereto shall continue to be calculated and paid in accordance with Condition 3.A. above.

### 4. Assumptions

If a Mortgage Agreement listed in the Schedule is assumed, the coverage under this Policy shall remain in force if the original Borrower is not released from personal liability. If the original Borrower is released from personal liability by an assumption of a Mortgage Agreement listed in the Schedule, the liability of the Company for coverage under this Policy as to such Mortgage Agreement shall terminate unless the Company approves the assumption in writing. The Insured shall provide the Company with the information and documentation required by the Company. The Company shall not unreasonably withhold approval of an assumption.

### 5. Notice of Additional Mortgage Agreements and Payments

Unless otherwise mutually agreed by the Insured and the Company, the Insured shall monthly (within fifteen (15) days after the last day of each calendar month) provide the Company with a listing of any additional Mortgage Agreements for which coverage is sought hereunder. The attached Schedule shall be amended monthly to include the additional Mortgage Agreements for which coverage is provided hereunder.

In addition, the Insured shall annually (within fifteen (15) days after the last day of December) provide the Company with a listing of those Mortgage Agreements which have been paid in full or otherwise liquidated, and of those Mortgage Agreements which have been assumed.

# RADIAN

- A. *Advances* - In the event of Default, it shall be a condition precedent to payment of a claim on any Mortgage Agreement insured hereunder that the Insured advance, as applicable: (1) hazard insurance premiums, (2) real estate property taxes, (3) property protection and preservation expenses, (4) property sales expenses, (5) foreclosure costs including court costs and reasonable attorneys fees, and (6) all costs necessary to satisfy and clear the title of the property from any liens other than Undisclosed Liens, as such term is defined herein.
- B. *Restoration* - In the event of Default, if there is any physical damage to the property from any cause, whether by accidental means or otherwise, it shall be a condition precedent to payment of a claim on the Mortgage Agreement that the Insured restore the property to its condition at the time of the issuance of this Policy, reasonable wear and tear excepted.
- C. *Computation of Losses Other than Undisclosed Lien Losses* - Subject to the Company's Aggregate Loss Limit/Sublimit A, and to the Company's Individual Loan Loss Limit, the amount of Loss payable hereunder by the Company to the Insured on each individual claim, other than any claim involving an Undisclosed Lien, shall be:

**The Total Of:**

- (1) The amount of the unpaid principal balance at the time of an Approved Sale of the property,
- (2) the amount of the accumulated delinquent interest computed to the date of claim settlement at the Mortgage Agreement rate of interest, and
- (3) the amount of advances made by the Insured under A above,

**Less:**

- (4) the net proceeds upon an Approved Sale of the property, and
- (5) any amount received by the Insured pursuant to any applicable primary policy of mortgage insurance.

All Losses paid by the Company pursuant to this Section 6.C. shall contribute to exhaust the Company's Aggregate Loss Limit/Sublimit A.

- D. *Computation of Losses from Undisclosed Liens* - Subject to the Company's

# RADIAN

Aggregate Loss Limit/Sublimit B, and to the Company's Individual Loan Loss Limit, the amount of Loss payable hereunder by the Company to the Insured for each individual claim involving an Undisclosed Lien shall be the lesser of:

- (1) the amount determined pursuant to Condition 6.C. above; or
- (2) the dollar amount of any valid Undisclosed Lien which takes priority over the lien position of the Mortgage Agreement.

All Losses paid by the Company pursuant to this Condition 6.D. shall contribute to exhaust the Company's Aggregate Loss Limit/Sublimit B.

- E. *Discharge of Obligation* - Any claim payment by the Company pursuant to Condition 6.C or 6.D. above shall be a full and final discharge of its obligation with respect to such claim under the terms of this Policy.
- F. *Aggregate Loss Limit/Sublimit A* - Notwithstanding anything herein to the contrary, the Company's total liability for Loss under Condition 6.C. above shall not exceed the Aggregate Loss Limit/Sublimit A. The term "Aggregate Loss Limit/Sublimit A" as used herein shall mean an amount equal to the Aggregate Loss Percentage/Sublimit A times the Total Initial Principal Balances of the Mortgage Agreements covered under this Policy. Such limit shall not be increased by, nor shall the Insured otherwise receive any credit for, any recoveries by the Company from any Borrower or any other Person.
- G. *Aggregate Loss Limit/Sublimit B* - Notwithstanding anything herein to the contrary, the Company's total liability for Undisclosed Lien Losses under Condition 6.D. above shall not exceed the Aggregate Loss Limit/Sublimit B. The term "Aggregate Loss Limit/Sublimit B" as used herein shall mean an amount equal to the Aggregate Loss Percentage/Sublimit B times the Total Initial Principal Balances of the Mortgage Agreements covered under this Policy. Such limit shall not be increased by, nor shall the Insured otherwise receive any credit for, any recoveries by the Company from any Borrower or any other Person.
- H. *Individual Loan Loss Limit* - The Company's Individual Loan Loss Limit shall not exceed \$ \_\_\_\_\_ which amount shall be the maximum liability of the Company under this Policy for Loss with respect to any individual Mortgage Agreement covered hereunder.

## 7. Submission and Payment of Claims

- A. *Claims with Other Mortgage Insurance Coverage* - If any other policy of mortgage insurance (including but not limited to pool insurance) has been

# RADIAN

obtained on a Mortgage Agreement insured hereunder, it shall be a condition precedent to submission and payment of a claim on such Mortgage Agreement under this Policy that the Insured first submit and settle any and all claims for loss under such other policy of mortgage insurance. If the Insured negotiates a claim settlement on a basis other than on conditions stated in such other policy, the Insured must obtain the consent of the Company to such settlement. A claim for Loss may be filed with the Company on the appropriate form provided by the Company (i) no later than sixty (60) days after any and all claim(s) for Loss with respect to such Mortgage Agreement have been settled and paid under such other policy or (ii) no later than sixty (60) days after the Insured has conveyed title to the Property pursuant to an Approved Sale, whichever occurs later. The Company shall not unreasonably withhold the approval necessary for such an Approved Sale. The Company is not liable under this Policy for any amount(s) of claims for losses under any other policy of mortgage insurance.

- B. *Claims without other Mortgage Insurance Coverage* - Unless otherwise mutually agreed, a claim for Loss may be filed with the Company on the appropriate form provided by the Company no later than sixty (60) days after the Borrower has conveyed title to the Property pursuant to an Approved Sale. The Company shall not unreasonably withhold the approval necessary for such an Approved Sale.
- C. *Failure to File* - Failure to file a claim for Loss within the time limits set forth under Sections 9.A. and 9.B. above shall be deemed an election by the Insured to waive any rights to claim payment under the terms of this Policy, provided that such time periods shall not commence until the appropriate claim form has been provided by the Company to the Insured.

## 8. Exclusions From Coverage

The Company will not be liable for, and this Policy will not apply to, extend to or cover the following:

- A. **Declared Liens or Mortgages** - Any Claim arising from a lien or mortgage (i) recorded or filed in public records after the date of filing of the Mortgage Agreement or any part thereof; (ii) identified or otherwise disclosed on the Borrower's Application for the Mortgage Agreement, the Borrower's Affidavit, or any other document related to the closing of the Mortgage Agreement, including without limitation the Mortgage Lien Report.
- B. **Known or Suspected Undeclared Defects** - Any Claim where any of the Insured's directors, trustees, managers, senior officers, underwriters, originators, loan officers or employees knew or could reasonably be

# RADIAN

expected to know of (i) the existence of an Undisclosed Lien; (ii) the existence of an outstanding or unpledged ownership interest in the Property; or (iii) any other title defect that could be reasonably expected to render title to the Property unmarketable or to significantly lessen the value of the Property; and any Claim where there has been a dishonest, fraudulent, criminal or knowingly wrongful act by the Insured, any servicer of the Mortgage Agreement, or any employee or agent of either.

- C. **Mortgage Agreements Not Originated by the Insured** – Any Claim arising from or related to a Mortgage Agreement that was not originated and underwritten by the Insured, unless otherwise specifically agreed to by the Company in writing, including (for clarification, and not in limitation of the foregoing) any Mortgage Agreement acquired by the Insured through (i) purchase or other method of assumption or acquisition of one or more pre-underwritten Mortgage Agreements; or (ii) merger or acquisition of another lending institution.
- D. **Property Location** – Any Claim arising from or related to a Mortgage Agreement related to Property located outside of the United States' fifty states and the District of Columbia.
- E. **Error** – Any claim arising from (i) the cancellation or unenforceability of a Mortgage Agreement as a result of any regulatory non-compliance or illegality of Insured's Mortgage Agreement loan documents and/or origination, closing or servicing procedures; or (ii) any failure by the Insured or any of its employees or agents to report a Mortgage Agreement to the Company; and/or (iii) any other error of Insured or any of its employees, agents, or assigns which causes or significantly contributes to a Loss.
- F. **Judicial Release** – Any claim involving a Mortgage Agreement where the Borrower has successfully asserted any defense or lawsuit against the Insured so as to release in whole or in part the Borrower's obligation to repay all or a portion of the principal indebtedness amount of the Mortgage Agreement or to release from the lien created by the Mortgage Agreement all or a portion of the Property; provided, however, that this exclusion shall only apply to the extent and amount of any such reduction in indebtedness and/or release of the Property from the lien.
- G. **Prior Delinquency** – Any claim arising from a Default under a Mortgage Agreement if, at the time coverage of such Mortgage Agreement attaches hereunder, a delinquency or Default exists with respect to such Mortgage Agreement.
- H. **Physical Damage** – Any claim for cost or expense related to the repair or

# RADIAN

remedy of any physical damage to Property, including but not limited to physical damage arising from the following causes: (i) contamination by toxic or hazardous waste, chemical, or other substances, (ii) earthquake, flood, or any act of God, (iii) civil war or riot, or (iv) any defects in the construction of the Property not identified to the Company prior to attachment of coverage hereunder.

**9. Where Notice is Given**

All notices, claims, tenders, reports and other data required to be submitted to the Company by the Insured shall be mailed postpaid to: Claims Department, Radian Guaranty, Inc., 1601 Market Street, Philadelphia, PA-19103. The Company may change this address by giving written notice to the Insured. All notices to the Insured shall be mailed postpaid to the Insured at its address shown on the face of this Policy.

**10. To Whom Provisions Applicable**

The provisions of this Policy shall inure to the benefit of and be binding upon the Company, the Insured, and any of their respective successors and assigns.

**11. Suit**

No suit or action on this Policy for recovery of any claim shall be sustained in any court of law or equity unless all material conditions of this Policy have been complied with, except that a condition may be specifically waived by the Company in writing. A suit against the Company must be commenced within three (3) years after the Loss can be determined.

**12. Waiver of Conditions**

No condition of the Policy, amendment or endorsement thereto shall be deemed waived, altered or otherwise compromised unless stated in writing and duly executed by the parties. Each of the conditions of this Policy is severable, and a waiver, alteration or compromise of one condition shall not be construed as a waiver, alteration or compromise of any other condition.

**13. Conflict with Laws**

Any provision of this Policy which is in conflict with the laws of the jurisdiction in which it is effective is hereby amended to conform with the minimum requirements of such laws.

**14. Reports and Examinations**

# RADIAN

The Company may request, and the Insured must provide, such files, reports or information as the Company may deem necessary pertaining to any Mortgage Agreement and the Company will be entitled to inspect the files, books and records of the Insured or any of its representatives pertaining to such Mortgage Agreement. Without limiting the foregoing, the Insured shall provide the Company from time to time with the principal balances and other information necessary for the Company to confirm the premiums and Total Initial Principal Balances for this Policy.

15. **Duty of Cooperation**

Whenever requested by the Company, the Insured shall cooperate with the Company and furnish all reasonable aid, evidence and information in the possession of the Insured or to which the Insured has access with respect to any Mortgage Agreement, including all documents, files, computer data or other information requested by the Company upon reasonable notice. To the extent the Company is prejudiced by any failure of the Insured to cooperate, the Company's remedy shall be to reduce the Loss by the estimated extent of such prejudice.

Corporate Seal:

*In witness whereof*, the Company has caused its Corporate Seal to be hereto affixed and signed by its duly authorized officers in facsimile to become effective as its original & binding on the Company.



Radian Guaranty Inc.

*R.T.K.*  
\_\_\_\_\_  
President

*James H. Jones*  
\_\_\_\_\_  
Secretary

*To be countersigned by the Company's duly authorized agent to the extent required by applicable state law or regulation.*

Authorized Company representative

Date