



Lloyd's Certificate

This Insurance is effected with certain Underwriters at Lloyd's, London.

This Certificate is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

Thompson Heath & Bond Limited
107 Leadenhall Street
London
EC3A 4AF

Certificate Provisions

- 1. Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.
- 2. Correspondent Not Insurer.** The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
- 3. Cancellation.** If this Certificate provides for cancellation and this Certificate is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
- 4. Assignment.** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
- 5. Attached Conditions Incorporated.** This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.
- 6. Short Rate Cancellation.** If the attached provisions provide for cancellation, the table below will be used to calculate the short rate proportion of the premium when applicable under the terms of cancellation.

Short Rate Cancellation Table For Term of One Year.

Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium
1	5%	95 - 98	37%	219 - 223	69%
2	6	99 - 102	38	224 - 228	70
3 - 4	7	103 - 105	39	229 - 232	71
5 - 6	8	106 - 109	40	233 - 237	72
7 - 8	9	110 - 113	41	238 - 241	73
9 - 10	10	114 - 116	42	242 - 246 (8 mos)	74
11 - 12	11	117 - 120	43	247 - 250	75
13 - 14	12	121 - 124 (4 mos)	44	251 - 255	76
15 - 16	13	125 - 127	45	256 - 260	77
17 - 18	14	128 - 131	46	261 - 264	78
19 - 20	15	132 - 135	47	265 - 269	79
21 - 22	16	136 - 138	48	270 - 273 (9 mos)	80
23 - 25	17	139 - 142	49	274 - 278	81
26 - 29	18	143 - 146	50	279 - 282	82
30 - 32 (1 mos)	19	147 - 149	51	283 - 287	83
33 - 36	20	150 - 153 (5 mos)	52	288 - 291	84
37 - 40	21	154 - 156	53	292 - 296	85
41 - 43	22	157 - 160	54	297 - 301	86
44 - 47	23	161 - 164	55	302 - 305 (10 mos)	87
48 - 51	24	165 - 167	56	306 - 310	88
52 - 54	25	168 - 171	57	311 - 314	89
55 - 58	26	172 - 175	58	315 - 319	90
59 - 62 (2 mos)	27	176 - 178	59	320 - 323	91
63 - 65	28	179 - 182 (6 mos)	60	324 - 328	92
66 - 69	29	183 - 187	61	329 - 332	93
70 - 73	30	188 - 191	62	333 - 337 (11 mos)	94
74 - 76	31	192 - 196	63	338 - 342	95
77 - 80	32	197 - 200	64	343 - 346	96
81 - 83	33	201 - 205	65	347 - 351	97
84 - 87	34	206 - 209	66	352 - 355	98
88 - 91 (3 mos)	35	210 - 214 (7 mos)	67	356 - 360	99
92 - 94	36	215 - 218	68	361 - 365 (12 mos)	100

Rules applicable to insurance with terms less than or more than one year:

- A. If insurance has been in force for one year or less, apply the short rate table for annual insurance to the full annual premium determined as for insurance written for a term of one year.
- B. If insurance has been in force for more than one year:
 1. Determine full annual premium as for insurance written for a term of one year.
 2. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the policy was originally written.
 3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period insurance has been in force.

Mortgage Banker / Brokers Certificate

Declarations

Certificate Number: <<RFPOL >>

Note: Portions of this Certificate provide Claims made and reported coverage – please read carefully

Item 1:

Principal Insured: <<CFNAME >>

Principal Address: <<CFADR1 >>, <<CFADR2 >>, <<CFADR3 >>, <<CFADR4 >>

Item 2:

Certificate Period:

From: <<RFSTARPER /fD6>>

To: <<RFENDPER /fD6>>

Both days at 12:01 a.m. Local Standard Time at the Principal Address as to each of said dates

Item 3:

Retroactive Date: <<MA_INFO1.U1044PC12>>

Item 4:

Aggregate Limits of Indemnity and Deductible Amounts:

Subject to **5 – CONDITIONS** (16) and (17), the Limit of Indemnity under this Certificate shall be:

- (i) under Part A for any Single Loss and in the Aggregate for all Insuring Agreements combined of USD
- (ii) under Part B for any Single Loss and in the Aggregate for all Insuring Agreements combined of USD
- (iii) under Parts C and D for any Single loss and in the Aggregate for all Insuring Agreements combined of USD

and, the Deductible Amount applicable to each and every loss or **Claim** hereunder shall be USD, but USD in respect of Insuring Agreements (7) and (9) and USD in respect of Insuring Agreement (14)

Provided, however, that if lesser amounts are inserted against any of the Insuring Agreements or subsections of Insuring Agreements shown in **Item 5** below, the liability of the Underwriters in respect of any loss or losses or any **Claim** or **Claims** falling within such Insuring Agreements or subsections, including court costs and attorneys fees and **Damages** and **Defense Expenses**, is limited to such lesser amounts which are also in the aggregate (Hereinafter called the “Sub-Limits”) irrespective of the amount shown in either **Item 4**(i), (ii) or (iii) above for such Insuring Agreement. Said Sub-Limits are part of and not in addition to any of the above-mentioned Aggregate Limit(s) of Indemnity. (For any coverage not purchased by the **Insured**, the term “Not Covered” shall be deemed to be inserted below).

Item 5:	Item 6:
1 – Part A Coverage Basic Mortgage Banking Coverage	1 – Part A Coverage
Sub-Limits in the Aggregate applicable to the Aggregate Limit of Indemnity stated in Item 4(i) :	Deductibles Each and Every Loss:
Insuring Agreement (1) – Fidelity:	
(1.1) USD	USD
(1.2) USD	USD
Insuring Agreement (2) – On Premises:	
USD	USD
Insuring Agreement (3) – In Transit:	
USD	USD
Insuring Agreement (4) – Forged Checks:	
USD	USD
Insuring Agreement (5) – Forged Documents:	
USD	USD
Insuring Agreement (6) – Counterfeit Currency:	
USD	USD
Insuring Agreement (7) – Claims Expense:	
USD	USD
Insuring Agreement (8) – Fraudulent Real Property Mortgage:	
USD	USD
Insuring Agreement (9) – Replacement Expenses:	
USD	USD
Insuring Agreement (10) – Computer Crime:	
(10.1) Computer Systems USD	USD
(10.2) Insured’s Service Operations Bureau USD	USD
(10.3) Electronic Computer Programs USD	USD
(10.4) Electronic Data and Media USD	USD
(10.5) Computer Virus USD	USD

2 – Part B Coverage Extended Indemnity Coverage: Investors, Secondary Market Institutions, etc.	2 – Part B Coverage
Sub-Limits in the Aggregate applicable to the Aggregate or Claim Limit of Indemnity stated in Item 4(ii) :	Deductibles Each and Every Loss:
Insuring Agreement (11) – Mortgage Errors and Omissions:	
(11.1) Mortgagee Interest	USD USD
(11.2) Liability to Mortgagor	USD USD
(11.3) Liability to Investor	USD USD
(11.4) Real Estate Taxes	USD USD
(11.5) Recordation	USD USD
(11.6) Insurance Requirement Errors and Omissions	USD USD
Insuring Agreement (12) – Theft from Secondary Market Institution’s Custodial Account:	
USD	USD
3 – Parts C and D Coverage Extended Errors and Omissions Coverage: Directors and Officers Defense Reimbursement Coverage	3 – Parts C and D Coverage
Sub-Limits in the Aggregate applicable to the Aggregate Limit of Indemnity stated in Item 4(iii) :	Deductibles Each and Every Claim :
Insuring Agreement (13) – Professional Indemnity:	
USD	USD
Insuring Agreement (14) – Defense Expense Reimbursement to Insured for Sums Paid on Behalf of Directors, Officers and Partners:	
USD	USD
If “Not Covered” is inserted above opposite any specified Insuring Agreement or Coverage, such Insuring Agreement or Coverage and any other reference thereto in this bond shall be deemed to be deleted therefrom.	

Item 7:

All notice to Underwriters shall be made to:
Thompson Heath & Bond Limited, 7th Floor, 107 Leadenhall Street, London, EC3A 4AF
profinclaims@thbgroup.com

Item 8:

Persons nominated to accept Service of Suit:
Mendes and Mount, LLP, 750 Seventh Avenue, New York, NY 10019-6829, USA
Mendes and Mount, LLP, 445 S. Figueroa Street, 38th Floor, Los Angeles, CA 90071-1601, USA

Item 9:

Premium: USD <<RFGROSS >> Annual

Item 10:

This Certificate is subject to the terms of the following endorsements attached hereto at the effective date of this Certificate and to all other endorsements attached hereto after the effective date of this Certificate:

- Loss Sustained Rider – Retroactive Date <<MA_INFO1.U1044PC12>>
- Loss Payee Rider Secondary Markets – as per form
- NMA 2918 War and Terrorism Exclusion Endorsement
- NMA 1622 Radioactive Contamination and Explosive Nuclear Assemblies Exclusion Clause
- NMA 1477 Radioactive Contamination Exclusion Clause – Liability - Direct
- NMA 1256 Nuclear Incident Exclusion Clause – Liability – Direct (Broad)
- Asbestos and Toxic Mould Exclusion
- Service of Suit naming: Mendes and Mount, LLP – as per form
- NMA 1168 Small AP/RP Clause
- LSW 3000 Premium Payment Clause – 45 days from inception
- LMA 5092 U.S. Terrorism Risk Insurance Act of 2002 as amended – Not Purchased Clause
- LMA 5091 U.S. Terrorism Risk Insurance Act of 2002 as amended – New & Renewal Business Endorsement
- LSW 1001 Several Liability Notice

Item 11:

In accordance with the authorization granted under the contract to which this Certificate attaches to Thompson Heath & Bond Limited, by certain underwriters, whose names and the proportions underwritten by them are attached to this Certificate.

Item 12:

Law: This insurance shall be governed by and construed in accordance with the law of the State of New York. Each party agrees to submit to the exclusive jurisdiction of any competent court within the United States of America.

Jurisdiction: As per Service of Suit – per form

Signed and Dated: <<MISCLDATE >>

For and on behalf of
THOMPSON HEATH & BOND LTD.

For and on behalf of
THOMPSON HEATH & BOND LTD.

This Contract is subject to US state surplus lines requirements. It is the responsibility of the surplus lines broker to affix a surplus lines notice to the contract document before it is provided to the insured. In the event that the surplus lines notice is not affixed to the contract document the insured should contact the surplus lines broker.

This Insurance is subject to the acceptance and acknowledgement by the Insured that the terms and conditions offered (in part or in full) may have been underwritten within an authority to transact business as detailed in a Binding Authority granted by certain Underwriters at Lloyd's of London or Insurance Companies to Thompson Heath and Bond Ltd., and therefore all Thompson Heath & Bond Ltd records relating to this Insurance are available for inspection by those participating certain Underwriters at Lloyd's of London. In relation to these Binding Authorities Thompson Heath and Bond Ltd., may receive remuneration for additional workload and/or profit commission based upon the underwriting results of business bound, of which this insurance may form a part.

Lloyd's is regulated by the Financial Conduct Authority

Schedule

This is a Declaration off of Thompson Heath & Bond Limited Facility Number: B066472631A13

Underwriters at Lloyd's

35.000%	Syndicate No. 1084
50.000%	Syndicate No. 3000
15.000%	Syndicate No. 1274

100.000%

Warranties

If any warranties are shown on this cover note please make sure that you understand them and are able to follow their requirements exactly. If not, please advise us immediately, as a breach of warranty may enable the underwriter to terminate the policy from the date of that breach. This may be the position regardless of whether there is any connection between the warranty breached and the loss which leads to that breach becoming evident.

Duty to Disclose Material Facts

Since an insurance/reinsurance contract is based upon the duty of utmost good faith, it is important that those seeking insurance/reinsurance should provide full disclosure of all material facts to underwriters and that this information should be kept updated. The Courts will find a fact to be "material" where it would affect the judgement of a prudent underwriter as to whether or not to accept the risk at the particular terms offered. The practical advice, which we give to clients or producers, is this: if you are in doubt we recommend that you advise the information to insurers.

Please note also that a renewal will be based on the information which has already been provided to insurers. Therefore if there is any change in such information which has not yet been advised, this must now be advised to insurers.

Mortgage Bankers / Brokers Certificate

The Underwriters, in consideration of an agreed premium, and in reliance upon all statements made and the information provided to Underwriters by the **Insured** in applying for this Certificate, and subject to the terms, definitions, exclusions, limitations, conditions and endorsements of this Certificate, hereby undertake and agree to indemnify the **Insured** for:

1 – INSURING AGREEMENTS

PART A Coverage – Mortgage Bankers / Brokers Fidelity Bond

Insuring Agreement (1) – Fidelity

- (1.1) Loss resulting directly from dishonest or fraudulent acts committed by an **Employee** acting alone or in collusion with others.

Such dishonest or fraudulent acts must be committed by the **Employee** with the manifest intent:

- (i) to cause the **Insured** to sustain such loss; or
 - (ii) to obtain **Improper Personal Financial Gain** for the **Employee** or another person or entity.
- (1.2) Loss resulting directly from dishonest or fraudulent acts committed by a **Loan Closing Agent** or **Attorney** of the **Insured**, whether committed alone or in collusion with others, while said **Loan Closing Agent** or **Attorney** is in the course of performing loan services for the **Insured** in connection with a **Real Estate Loan** and which dishonest or fraudulent acts were committed by said **Loan Closing Agent** or **Attorney** with the manifest intent to obtain and resulted in the receipt of **Improper Personal Financial Gain** for said **Loan Closing Agent** or **Attorney**.

Insuring Agreement (2) – On Premises

- (2.1) Loss of **Property** or **Real Estate Documents** resulting directly from

- (i) robbery, burglary, misplacement, mysterious, unexplainable disappearance and damage thereto or destruction thereof, or
- (ii) common-law or statutory larceny, committed by a person present in an office of the **Insured** covered under this Certificate,

while the **Property** or **Real Estate Documents** are lodged or deposited within

- (a) any of the **Insured's** offices covered under this Certificate, or
 - (b) offices of any financial institutions, or
 - (c) any **Premises** where the **Insured** leases safe deposit boxes.
- (2.2) Loss of or damage to
- (i) furnishings, fixtures, supplies or equipment within an office of the **Insured** covered under this Certificate resulting directly from larceny or **Theft** in, or by burglary or robbery of, such office, or attempt thereat, or by vandalism or malicious mischief, or

- (ii) such office resulting directly from larceny or **Theft** in, or by burglary or robbery of such office or attempt thereat, or to the interior of such office by vandalism or malicious mischief, provided that
 - (a) the **Insured** is the owner of such furnishings, fixtures, supplies, equipment, or office or is liable for such loss or damage, and
 - (b) the loss is not caused by fire.
- (2.3) Loss of **Real Estate Documents** belonging to others sustained by the **Insured** while the **Insured** is acting as **Document Custodian** for said documents by reason of and directly caused by fire.

Insuring Agreement (3) – In Transit

- (3.1) Loss of **Property** or **Real Estate Documents** resulting directly from robbery, common-law or statutory larceny, misplacement, mysterious unexplainable disappearance, being lost or made away with, and damage thereto or destruction thereof, while the **Property** or **Real Estate Documents** is in transit anywhere in the custody of
 - (i) a natural person acting as a messenger of the **Insured** (or another natural person acting as messenger or custodian during an emergency arising from the incapacity of the original messenger), or
 - (ii) a **Transportation Company** and being transported in an armoured motor vehicle, or
 - (iii) a **Transportation Company** and being transported in a conveyance other than an armoured motor vehicle provided that covered **Property** or **Real Estate Documents** transported in such manner are limited to the following
 - (a) records, whether recorded in writing or electronically, and
 - (b) **Negotiable Instruments** not payable to bearer, or not endorsed, or with restrictive endorsements, or
 - (iv) U.S. Postal Express Mail Next Day Service.

Coverage under this Insuring Agreement begins immediately upon the receipt of such **Property** or **Real Estate Documents** by the natural person or **Transportation Company** and ends immediately upon delivery to the designated recipient or its agent.

Insuring Agreement (4) – Forged Checks

- (4.1) Loss resulting directly from a **Forged Signature** on or **Fraudulent Alteration** of any check, draft, promissory note or withdrawal order, made or drawn by or drawn upon the **Insured**, or purporting to have been made or drawn upon the **Insured**, including:
 - (i) any check or draft made or drawn in the name of the **Insured** payable to a fictitious payee and endorsed in the name of the fictitious payee, or
 - (ii) any check or draft procured in a face to face transaction with the **Insured** or with one acting as agent of the **Insured** by anyone impersonating another and made or drawn payable to the one impersonated and endorsed by anyone other than the one impersonated, or
 - (iii) any payroll check, payroll draft or payroll order made or drawn by the **Insured** payable to a named payee and endorsed by anyone other than the named payee without authority of the payee.

A mechanically reproduced facsimile signature is treated the same as a hand-written signature.

If, at the **Insured's** request, the Underwriters waive any rights they may have against the financial institution upon which the instrument was drawn, the **Insured** and the financial institution shall assign to the Underwriters all of their rights against any other person, firm or corporation.

Insuring Agreement (5) – Forged Documents

(5.1) Loss resulting directly from the **Insured** having relied upon a **Forged Signature** on, or **Fraudulent Alteration** of, any original Mortgage, Trust Deed, Note or Title Certificate received by the **Insured** in connection with a **Real Estate Loan**:

- (i) originated by the **Insured**, or
- (ii) originated by a person other than the **Insured** and purchased by the **Insured**, or
- (iii) prepared, directly funded and closed by a person other than the **Insured** in the name of the **Insured**, and

which **Real Estate Loan** is held by the **Insured** for its own account; or,

(5.2) Loss resulting directly from the **Insured** being legally liable to repurchase a **Real Estate Loan** from an **Investor** as the direct result of a **Forged Signature** on, or **Fraudulent Alteration** of:

- (i) any original **Real Estate Documents** received by the **Insured** in connection with a **Real Estate Loan** originated by the **Insured**, or
- (ii) any original Mortgage, Trust Deed, Note or Title Certificate received by the **Insured** in connection with a **Real Estate Loan** originated by a person other than the **Insured** and purchased by the **Insured** or prepared, directly funded and closed by a person other than in the name of the **Insured**.

(5.3) Loss resulting directly from the **Insured** having, in good faith, for its own account or for the account of others, acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of, any original **Certificated Security; Evidence of Debt Certificate of Origin or Title; corporate, partnership or personal Guarantee; or Security Agreement** which:

- (i) bears a **Forged Signature** of any maker, drawer, issuer, endorser, assignor, lessee, acceptor, surety, guarantor, or of any person signing in any other capacity, or
- (ii) bears a **fraudulent Alteration**; or

(5.4) Loss resulting directly from the **Insured** having acquired, sold or delivered, or given value, extended credit or assumed liability on the faith of any item listed in (5.1) above which is a **Counterfeit**.

For the purposes of this Insuring Agreement, mechanically reproduced facsimile signatures shall be treated the same as hand-written signatures.

Special Condition:

It is agreed that as a condition precedent to coverage under this Insuring Agreement that the **Insured** made or purchased the **Real Estate Loan** and acquired the items stated in (5.1) or (5.2) above in good faith and in the ordinary course of its business and that there was actual physical possession of the said items by the person closing the **Real Estate**

Loan at the time of the closing and by the **Insured** at the time of the acquisition of said **Real Estate Loan**. With respect to the items listed in (5.3) above actual physical possession of said items by the **Insured** at the time it acts upon said items is a condition precedent to recovery under the Certificate. Physical possession must be continued up to and including the time the loss is discovered.

Insuring Agreement (6) – Counterfeit Currency

- (6.1) Loss resulting directly from the receipt by the **Insured**, in good faith, of any **Counterfeit Money** of the United States of America, Canada or of any other country in which the **Insured** maintains a branch office.

Insuring Agreement (7) – Claims Expense

- (7.1) Reasonable expenses incurred by the **Insured** by reason of the **Insured** having retained, with the prior written approval of Underwriters, independent outside accountants or other non-legal experts to determine the amount and extent of loss covered and paid under Part A of this Certificate. The Underwriters shall not be liable to reimburse the **Insured** for said expenses unless payment for the covered loss or covered portion of loss is made, irrespective of any written approval of Underwriters.

Insuring Agreement (8) – Fraudulent Real Property Mortgage

- (8.1) Loss resulting by reason of the **Insured** having in good faith and in the ordinary course of the **Insured's** mortgage banking business in connection with any **Real Estate Loan**, accepted or received or acted upon the faith of any real property mortgages, real property deeds of trust or like instruments pertaining to realty or assignments of such mortgages, deeds of trust or instruments which prove to have been defective by reason of the actual signature thereon of any person having been obtained through trick, artifice, fraud or false pretences or the signature on the recorded deed conveying such real property to the mortgagor or grantor of such mortgage or deed of trust having been obtained by or on behalf of such mortgagor or grantor through trick, artifice, fraud or false pretences.

Insuring Agreement (9) – Replacement Expenses

- (9.1) Reasonable expenses not to exceed USD 2,500 per mortgage loan necessarily incurred by the **Insured** to replace any **Real Estate Documents** arising out of a loss covered under either **1 – INSURING AGREEMENTS (2) or (3)**, or arising out of a loss which would have been covered under said Insuring Agreements but for the fact that the amount of the loss is within the deductible applicable to the respective Insuring Agreement.

Insuring Agreement (10) – Computer Crime

(10.1) Computer Systems

Loss by reason of the **Insured** having transferred, paid or delivered any funds or **Property**, established any credit, debited any account or given any value as the direct result of

- (i) the fraudulent input of **Electronic Data** directly into:
 - (a) the **Insured's Computer System** or
 - (b) a **Service Bureau's Computer System** or
 - (c) a **Customer Communication System** or

- (ii) the fraudulent modification or the fraudulent destruction of **Electronic Data** stored within or being run within any of the above systems or during **Electronic Transmission** to the **Insured's Computer System** or a **Service Bureau's Computer System**, or

which fraudulent acts were committed by a person with the manifest intent to cause the **Insured** to sustain a loss and to obtain, and which results in the receipt of, **Improper Personal Financial Gain** for said person or any person acting in collusion with said person.

(10.2) **Insured's Service Operations Bureau**

Loss by reason of the **Insured** having transferred, paid or delivered any funds or **Property**, established any credit, debited any account or given any value as the direct result of the fraudulent input, the fraudulent modification or the fraudulent destruction of **Electronic Data** stored within or being run within the **Insured's Computer System** or during **Electronic Transmission** from the **Insured's Computer System** into another mortgage banker's **Computer System** while the **Insured** is acting as a **Service Bureau** for said mortgage banker which fraudulent acts were committed by a person with the manifest intent to cause the **Insured** or the **Insured's** customer to sustain a loss and to obtain, and which results in the receipt of, **Improper Personal Financial Gain**, for said person or any other person acting in collusion with said person and for which loss the **Insured** is held to be legally liable.

(10.3) **Electronic Computer Programs**

Loss by reason of the **Insured** having transferred, paid or delivered any funds or **Property**, established any credit, debited any account or given any value as the direct result of the fraudulent preparation or the fraudulent modification of **Electronic Computer Programs** which fraudulent acts were committed by a person with the manifest intent to cause the **Insured** to sustain a loss and to obtain, and which results in the receipt of, **Improper Personal Financial Gain** for said person or any other person acting in collusion with said person.

(10.4) **Electronic Data and Media**

Loss by reason of:

- (i) malicious destruction or attempt thereof of the **Insured's Electronic Data** by any person while the **Electronic Data** are stored within the **Insured's Computer System** or a **Service Bureau's Computer System** or while recorded upon **Electronic Data Processing Media** within the offices or **Premises** of the **Insured**.
- (ii) **Electronic Data Processing Media** being lost, damaged or destroyed as the direct result of robbery, burglary, larceny, **Theft**, misplacement or mysterious unexplainable disappearance while the **Electronic Data Processing Media** is lodged or deposited within offices or **Premises** located anywhere, or in the custody of a person designated by the **Insured** to act as its messenger (or a person acting as a messenger or custodian during an emergency arising from the incapacity of such designated messenger) while the **Electronic Data Processing Media** is in transit anywhere, such transit to begin immediately upon receipt of such **Electronic Data Processing Media** by said messenger and to end immediately upon delivery to the designated recipient or its agent, provided that the **Insured** is the owner of such **Electronic Data Processing Media** or is legally liable for such loss or damage.

(10.5) **Computer Virus**

Loss by reason of:

- (i) the **Insured** having transferred, paid or delivered any funds or **Property**, established any credit, debited any account or given any value as the direct result of the destruction or attempt thereof of the **Insured's Electronic Data** due to a **Computer Virus** caused by any person while such **Electronic Data** are stored

within the **Insured's Computer System** or a **Service Bureau's Computer System**.

- (ii) the destruction or attempt thereof of the **Insured's Electronic Data** as the result of a **Computer Virus** caused by any person while such **Electronic Data** are stored within the **Insured's Computer System** or a **Service Bureau's Computer System**.

(10.6) Electronic & Telefacsimile (Fax) Communications

Loss by reason of:

the **Insured** having transferred, paid or delivered any funds or **Property**, established any credit, debited any account or given any value on the faith of any electronic communications directed to the **Insured** authorizing or acknowledging the transfer, payment, delivery or receipt of funds or **Property** which communications were transmitted or appear to have been transmitted

- (i) through an **Electronic Communication System**, or
- (ii) by telefacsimile, telex, TWX or similar means of communication

directly into the **Insured's Computer System** or to the **Insured's Communications Terminal** and fraudulently purport to have been sent by a mortgage banker or other financial institution but which communications were either not sent by said person, or were fraudulently modified during physical transit of **Electronic Data Processing Media** to the **Insured** or during **Electronic Transmission** through data communication lines to the **Insured's Computer System** or to the **Insured's Communications Terminal**; or

Special Conditions:

All telefacsimile, telex, TWX or similar means of communication referred to in **Insuring Agreement (10.6)** must be **Tested** or subject to a call-back to an authorized person other than the individual initiating the transfer request and any such telefacsimile must also bear a **Forged Signature** or **Fraudulent Alteration**.

(10.7) Electronic Transmissions

Loss by means of:

a mortgage banker or financial institution having transferred, paid or delivered any funds or property, established any credit, debited any account or given any value on the faith of any electronic communications purporting to have been directed by the **Insured** to said person authorizing or acknowledging the transfer, payment, delivery or receipt of funds or **Property** which communications were transmitted or appear to have been transmitted

- (i) through an **Electronic Communications System**, or
- (ii) by **Tested** telefacsimile, **Tested** telex, **Tested** TWX or similar means of **Tested** communication

directly into a **Computer System** or a **Communications Terminal** of said mortgage banker or financial institution and fraudulently purport to have been sent by the **Insured** but which communications were either not sent by the **Insured** or were fraudulently modified during physical transit of **Electronic Data Processing Media** from the **Insured** or during **Electronic Transmission** through data communication lines from the **Insured's Computer System** or the **Insured's Communications Terminal** and for which loss the **Insured** is held to be legally liable.

PART B Coverage – Extended Indemnity Coverage: **Claims** involving **Investors, Secondary Market Institutions**, etc.

The Underwriters hereby undertake and agree to indemnify the **Insured** for:

Insuring Agreement (11) – Mortgage Errors and Omissions

(11.1) Mortgagee Interest

Loss to the **Insured's** mortgagee interest in real property or to an **Investor's** interest in real property on whose behalf the **Insured** is servicing a mortgage, which loss is discovered by the **Insured** during the **Certificate Period**, provided that such loss is a direct result of an error or negligent omission on the part of the **Insured** or its **Designated Agent** in failing to obtain or maintain

- (i) Fire and Extended Coverage insurance, or
- (ii) **Homeowner's Insurance**, or
- (iii) Mortgage Redemption Life insurance, Accident and Health insurance, or Accidental Death and Dismemberment insurance, or
- (iv) Flood insurance covering real property located in special flood hazard areas (where flood insurance has been made available under the provisions of the National Flood Insurance Reform Act of 1994 and any amendments thereto)

if, by reason of such error or negligent omission, at the time of the loss there is no such insurance in force or such insurance in force is inadequate as to amount or such insurance in force fails to contain a mortgagee clause.

Mortgagee Interest is further extended to include ownership interest in real property obtained through foreclosure or by receipt of deed in lieu of foreclosure but in respect of (i), (ii) and (iv) above.

(11.2) Liability to Mortgagor

Direct financial loss sustained by the **Insured** by reason of any **Claim** first made against the **Insured** during the **Certificate Period** by a mortgagor for direct financial loss sustained by said mortgagor as a direct result of an error or negligent omission on the part of the **Insured** or its **Designated Agent**, while the **Insured** is acting as a mortgagee or while it is originating or servicing a mortgage and for which loss the **Insured** is legally liable in failing:

- (i) to obtain or maintain
 - a) Fire and Extended Coverage insurance, or
 - b) **Homeowner's Insurance**, or
 - c) Mortgage Redemption Life insurance, Accident and Health insurance, or Accidental Death and Dismemberment insurance, or
 - d) Flood insurance covering property located in special flood hazard areas (where flood insurance has been made available under the provisions of the National Flood Insurance Reform Act of 1994 or any amendments thereto)

if, by reason of such error or negligent omission, at the time of the loss there is no such insurance in force or such insurance in force is inadequate as to amount or such insurance in force fails to contain a mortgagee clause, or

- (ii) to make the determination as to whether a property is located in a special flood hazard area within the provisions of the National Flood Insurance Reform Act of 1994 or any amendments thereto

(11.3) Liability to **Investor**

Direct financial loss sustained by the **Insured** by reason of any **Claim** first made against the **Insured** during the **Certificate Period** by any **Investor** for direct financial loss sustained by such **Investor** as a direct result of an error or negligent omission on the part of the **Insured**, and for which loss it is legally liable in failing to

- (i) notify the Federal Housing Administration, the Farmers Home Administration or the Veterans Administration of the **Insured's** inability to obtain fire insurance, or
- (ii) notify the Federal Housing Administration, the Farmers Home Administration or the Veterans Administration, within the prescribed notice period, that mortgage payments are in arrears or to follow or carry out instructions by either agency in connection with the liquidation of a loan by means of foreclosure, or
- (iii) notify any applicable private mortgage insurance company, within the notice period required by such company, that mortgage payments are in arrears or to follow or carry out private mortgage insurance company instructions in connection with the liquidation of a loan by means of foreclosure

if, by reason of such error or negligent omission with regard to (i), (ii) and (iii) above, insurance from the Federal Housing Administration or a private mortgage insurance company or a **Guarantee** from the Veterans Administration, or the Farmers Home Administration is voided or rendered invalid, or

- (iv) obtain insurance on a residential or multi-family **Property** loan from the Federal Housing Administration or maintain premium payments thereupon, or
- (v) obtain insurance on a residential **Property** loan from a private mortgage insurance company or maintain premium payments thereupon, or
- (vi) obtain a **Guarantee** on a residential **Property** loan from the Veterans Administration, or the Farmers Home Administration, or
- (vii) make the determination as to whether a **Property** is located in a special flood hazard area within the provisions of the National Flood Insurance Reform Act of 1994 or any amendments thereto.

(11.4) Real Estate Taxes

Loss sustained by the **Insured** by reason of any **Claim** first made against the **Insured** during the **Certificate Period** for

- (i) the payment of interest, fines or penalties imposed by any county, municipal, or district tax authority, or
- (ii) the cost of redemption in the event of a tax sale excluding, however, the tax which was due and owing,

as a direct result of an error or negligent omission on the part of the **Insured**, taking place during the **Certificate Period**, and for which loss it is legally liable in failing to pay or verify that payment has been made by a mortgagor of real estate taxes or special assessment taxes on mortgaged real property; or

- (iii) the failure to verify that payment had been made by a mortgagor of real estate taxes or special assessment taxes or special assessment taxes on mortgaged real property including the tax which was due and owing,

as a direct result of an error or negligent omission on the part of the **Insured** or its **Designated Agent** and for which loss the **Insured** is legally liable in failing to verify payment of taxes had been made by a mortgagor.

(11.5) Recordation

Direct financial loss sustained by the **Insured** by reason of any **Claim** first made against the **Insured** during the **Certificate Period** as a direct result of an error or negligent omission on the part of the **Insured** or its **Designated Agent** concerning the recordation of documents affecting an interest in a mortgage loan or in real property offered as security for a mortgage loan while the **Insured** is acting as a trustee, seller, or servicer of said mortgage loans and for which the **Insured** is legally liable.

(11.6) Insurance Requirement Errors and Omissions

(i) Direct financial loss sustained by the **Insured** by reason of any **Claim** first made against the **Insured** during the **Certificate Period** by any **Investor** for direct financial loss sustained by such **Investor** as a direct result of an error or negligent omission on the part of the **Insured** or its **Designated Agent** and for which it is legally liable in failing to

(a) obtain or maintain insurance required by the mortgagee under the terms of the mortgage, seller/servicer manual, loan servicing agreement and/or letter of commitment; or

(b) determine that a certificate or other evidence of insurance has been maintained for fire and extended coverage insurance, flood insurance or comprehensive general liability for a co-operative or a planned unit development homeowner's association common area or condominium owner's association master certificate provided, however, that a certificate of such insurance existed when the loan was closed, the **Insured** had possession of such certificate or other evidence of insurance, that said insurance was required by the **Investors**; and the **Insured** has established procedures which provide a means to respond to notice of cancellation or non-renewal of said insurance.

(ii) Loss to the **Insured's** Mortgagee interest or Owner interest, including when acting as a mortgage servicing agent or in a legal fiduciary capacity, in real property, which loss was discovered by the **Insured** during the **Certificate Period** by reason of physical loss or damage to said real property directly caused by those perils covered under Fire and Extended Coverage Insurance or Flood Insurance in such amount as is required to be insured by the mortgagor to comply with the National Flood Insurance Reform Act of 1994 or any amendments thereto, provided that such loss to the **Insured's** interest is a direct result of

(a) the non-existence or inadequacy as to amount of such insurance; or

(b) the **Insured** is unable to collect the loss, which would have otherwise been covered under the perils provided by the insurance required to be kept in place wholly or partly, under said insurance, despite reasonable efforts and expenditures to recover said loss.

Coverage under this Insuring Agreement is limited to 90 days from the date an **Employee** with supervisory responsibility in the "In-House" insurance agency, foreclosure unit insurance escrow unit or servicing department of the **Insured** becomes aware that the required insurance is not in effect or is inadequate as to amount or uncollectible.

Special Conditions:

It is agreed that as a condition precedent to coverage under **1 – INSURING AGREEMENTS (11)(11.6)(ii)** above that:

- (1) the **Insured** shall incorporate in every mortgage agreement entered into by the **Insured** on or after the inception date of this Certificate a condition requiring the mortgagor to maintain Fire and Extended Coverage insurance and said Flood insurance; and
- (2) as to all prior mortgages existing before the inception date of this Certificate, the **Insured** shall require that the mortgagor shall maintain Fire and extended Coverage Insurance and said Flood insurance for the benefit of the **Insured**; and
- (3) all of the above mentioned insurances except Flood insurance to be in an amount equal to the balance of the mortgage or the replacement cost of structures built upon the mortgaged **Property**, whichever is less, and to be in compliance with any co-insurance clause in said insurance; and

It is also agreed that in the event said insurance is inadequate as to amount, non-existence or uncollectible, the indemnity recoverable under **1 – INSURING AGREEMENTS (11)(11.6)(ii)** will be the lesser of:

- (1) the amount recoverable if the required insurance had been in effect and in compliance with the **Insured's** mortgage agreement requirements less the amount due under all other insurance upon said real property, or
- (2) the amount of the **Insured's** interest including unpaid accrued interest and charges for which the **Insured** is liable from the date of the loss up to and including the date of settlement, or
- (3) the applicable limit of indemnity available under **1 – INSURING AGREEMENTS (11)(11.6)(ii)**.

Insuring Agreement (12) – Theft from Secondary Market Institution's Custodial Account

Loss resulting directly from any **Claim** first made against the **Insured** during the **Certificate Period** by any **Secondary Market Institution** (hereinafter referred to as "**Institution**") for the direct financial loss sustained by such **Institution** as the direct result of **Theft** by any partner, **Sole Proprietor** or **Major Shareholder** or director who is not an **Employee** of the **Insured**, whether committed alone or in collusion with others including an **Employee**, of

- (12.1) **Money** from a **Custodial Account** maintained for the **Institution** by the **Insured** which **Money**
 - (i) was deposited with or paid to the **Insured** by said **Institution** for the purpose of purchasing a **Real Estate Loan** for said **Institution**, or
 - (ii) was collected or received by the **Insured** for said **Institution** in connection with a **Real Estate Loan** which the **Insured** is servicing for said **Institution**, or
- (12.2) **Collateral** held by the **Insured** for
 - (i) an **Institution** in connection with a **Real Estate Loan** but which **Collateral** has been fraudulently pledged or sold to another person or entity(ies) or
 - (ii) another person (s) or entity(ies) in connection with a **Real Estate Loan** but which **Collateral** has been fraudulently pledged or sold to an **Institution** provided, however, that the **Insured** is held to be legally liable to said **Institution** for the loss of such **Money** or **Collateral**.

Special Conditions

It is agreed that as a condition precedent to coverage under this Insuring Agreement that

- (1) the **Institution** shall require an annual audit by way of the Uniform Single Audit Program for Mortgage Bankers or otherwise of the **Custodial Account** by a firm of independent outside accountants and the **Institution** shall verify that said audit has been conducted, and
- (2) the **Institution** shall require that at the earliest practicable moment the **Insured** deliver the **Collateral** to either the **Institution** or a trustee nominated by the **Institution** or the **Insured** place upon said **Collateral** an appropriate designation of the **Institution's** interest in said **Collateral**.

Failure of the **Insured** to comply with these requirements by an **Institution** shall not void the coverage under this Insuring Agreement provided that the **Institution** has exercised due diligence by making every reasonable effort to verify that the **Insured** is complying with said requirements.

Part C Coverage – Extended Errors and Omissions Coverage

Insuring Agreement (13) – Professional Indemnity

- (13.1) The Underwriters agree to indemnify the **Insured** for all sums that the **Insured** shall become legally obligated to pay as **Damages** and **Defense Expenses** resulting from any **Claim** arising out of any **Wrongful Act** taking place on or subsequent to the **Retroactive Date** and prior to the expiration of the **Certificate Period**, in the **Insured's** rendering of, or failure to render, **Professional Services**, and which **Claim** is first made against the **Insured** during the **Certificate Period** or an **Extended Reporting Period** and reported to Underwriters no later than sixty (60) days after the expiration of the **Certificate Period**.

Part D Coverage – Directors and Officers Defense Reimbursement

Insuring Agreement (14) – Defense Expense Reimbursement to Insured for Sums Paid on Behalf of Directors, Officers and Partners

- (14.1) The Underwriters agree to indemnify the **Insured** for amounts paid by the **Insured** as **Defense Expenses** on behalf of any present or former director, officer or partner of the **Insured**, by reason of any **Claim** first made during the **Certificate Period** against said person, which **Claim** arises out of a **Managerial Wrongful Act** taking place on or after the **Retroactive Date** and prior to the expiration of the **Certificate Period** provided that:
 - (i) said person was a director, officer or partner during the **Certificate Period**,
 - (ii) such alleged wrongful conduct does not concern any loss covered under Insuring Agreement of this Certificate,
 - (iii) said person is not guilty of any dishonest, fraudulent or criminal conduct,
 - (iv) the **Insured** is legally required or permitted to indemnify said director, officer or partner.

2 – GENERAL AGREEMENTS

(1) Court Costs and Attorneys' Fees; Defense Expenses

(i) Indemnification of Court Costs and Attorneys' Fees Under the Parts A and B Coverages

(a) Collectible Loss

The Underwriters shall indemnify the **Insured** against court costs and reasonable attorneys' fees incurred and paid by the **Insured** in defending any suit or legal proceeding brought against the **Insured** to enforce the **Insured's** liability or alleged liability on account of any loss, **Claim** or damage which results in a collectible loss covered by **1 – INSURING AGREEMENTS (1)(1.1), (1.2), (2), (3), (4), (5), (8), (10), (11) and (12)** of this certificate in excess of any Deductible Amount.

(b) Reimbursement of Excess Payment

If Underwriters pay court costs and attorneys' fees in excess of their proportionate share of such costs and fees, the **Insured** shall promptly reimburse the Underwriters for such excess.

(c) Multiple Causes of Action

If multiple causes of action are alleged in any such suit or legal proceeding some of which causes of action, if established against the **Insured**, would not constitute a collectible loss under the Certificate then the **Insured** shall bear for its own expense the court costs and attorneys' fees incurred in the defense of such alleged causes of action.

(d) Reduction of Aggregate Limit or Sub-Limit of Indemnity

Court costs and attorneys' fees indemnified to the **Insured** under this General Agreement shall be part of and not in addition to the applicable Annual Aggregate Limit or applicable Sub-Limit of Indemnity of this Certificate and payments made under this Certificate, including payments of court costs and attorneys' fees, shall reduce the amount of the applicable Annual Aggregate Limit or applicable Sub-Limit of Indemnity shown in the Declarations.

(e) Notice of Legal Proceedings

The **Insured** shall promptly give notice to the Underwriters of the institution of any suit or legal proceeding referred to in paragraph (a) above and at the request of the Underwriters shall furnish them with copies of all pleadings and other papers therein.

(f) Election to Defend

At the Underwriter's election the **Insured** shall permit the Underwriters to conduct the defense of such suit or legal proceeding, in the **Insured's** name, through **Attorneys** of the Underwriters' selection. In such event, the **Insured** shall give all reasonable information and assistance which the Underwriters shall deem necessary to the defense of such suit or legal proceeding.

(ii) Indemnification of **Defense Expenses** Under the Parts C and D Coverages

(a) **Defense Expenses** may be recovered as part of any covered **Claim** as set forth in the specific Insuring Agreement. Subject to the rights of

Underwriters hereunder, however, it shall be the duty of the **Insured** and/or **Insured Person** and not the duty of the Underwriters to defend **Claims** made against such entity or person.

- (b) Underwriters shall have the right and shall be given the opportunity to effectively associate with the **Insured** and **Insured Persons** in the investigation, defense and settlement, including but not limited to the negotiation of a settlement, of any **Claim**, suit or legal proceeding referred to in paragraph (a) above.
- (c) At the Underwriters' election and with the written consent of the **Insured** or **Insured Person**, the **Insured** or **Insured Person** shall permit the Underwriters to conduct the defense of any **Claim** in the **Insured's** or **Insured Person's** name, through **Attorneys** of the Underwriters' selection.
- (d) The **Insured** and **Insured Person** agrees to provide Underwriters with all information, assistance and cooperation which the Underwriters reasonably request and agree that in the event of a **Claim**, the **Insured** or **Insured Person** will do nothing that may prejudice the Underwriters' position or their potential or actual rights of recovery.
- (e) The **Insured** and **Insured Person** agree not to admit to any liability or to settle any **Claim**, or incur any **Defense Expenses**, or otherwise assume any contractual obligation or admit any liability with respect thereto, without the Underwriters written consent, which shall not to be unreasonably withheld. Underwriters shall not be liable for any settlement of a loss or **Claim**, **Defense Expenses**, court costs or attorneys' fees, or any other costs or fees, assumed obligation or admission of liability to which they have not consented. The **Insured** or **Insured Person** shall not unreasonably withhold consent to a settlement by the Underwriters of any suit or legal proceeding.
- (f) **Defense Expenses** indemnified to the **Insured** or **Insured Person** shall be part of and not in addition to the Aggregate limit of Indemnity stated in **Item 4(iii)** of the Declarations and payments made under this Certificate shall reduce the amount of the Aggregate Limit of Indemnity stated in **Item 4(iii)** of the Declarations. Regardless of the number of **Claims** or claimants or the inclusion of more than one covered person, Underwriters should not be required to pay more than said Aggregate Limit of Indemnity.

(2) **Employee Welfare or Pension Benefit Plan Provisions**

In respect to Part A, **1 – INSURING AGREEMENTS (1)(1.1)** and **(1.2)** only of this Certificate:

It is agreed that it is the obligation of the **Insured** or the Plan Administrator(s) of Employee Welfare or Pension Benefit Plans under Regulations published by the Secretary of Labor implementing Section 412 of the Employee Retirement Income Security Act of 1974, to obtain under one or more Certificate or Policies issued by one or more Insurers an amount of coverage for each such Plan at least equal to that which would be required if such Plans were insured separately.

It is further agreed that the **Insured** or if more than one then the first named **Insured** shall hold any payment for the use and benefit of any Employee Welfare or Pension Benefit Plan sustaining a loss covered under the Certificate and to the extent that such payment is in excess of the amount of coverage required by such Regulations to be carried by said Plan sustaining such loss, such excess shall be held by said **Insured** for the use and benefit of any other such Plan also covered under this Certificate in the event that such other Plan discovers that it has sustained loss covered hereunder.

If **Money** or other **Property** of two or more Employee Welfare or Pension Benefit Plans covered under this Certificate is commingled, recovery under this Certificate for loss of such **Money** or other **Property** through dishonest acts by an **Employee** pursuant to **1 – INSURING AGREEMENTS (1)(1.1)** and (1.2) shall be shared by such Plans on a pro rata basis in accordance with the amount for which such Plan is required to carry bonding coverage in accordance with the applicable provisions of said Regulations.

Special Definition:

The term **Employee** as used in this agreement shall also include any natural person who is a director, partner or trustee of the **Insured** while such director, partner or trustee is engaged in handling funds or any other **Property** of any Employee Welfare or Pension Benefit Plan owned controlled or operated by the **Insured** or any natural person who is a trustee, manager, officer or **Employee** of such Plan.

(3) **Non Statutory Bond**

In respect to ALL PARTS of this Certificate:

This Certificate is not issued pursuant to, and should not be construed as providing coverage in conformity with, any state, federal or other regulatory or statutory requirements concerning bonding, fidelity or other coverage's. It is the responsibility of the **Insured** to determine if this certificate and/or the amounts of coverage provided thereunder satisfies any regulatory or statutory obligation and/or the requirements of any third party that the **Insured** obtain or maintain bonding, fidelity or other coverage's.

(4) **Small Additional Premiums**

In respect to ALL PARTS of this Certificate:

Notwithstanding anything to the contrary contained herein and in consideration of the premium for which this insurance is written it is understood and agreed that whenever an additional premium of USD 50.00 or less becomes due from the **Insured** on account of the adjustment of a deposit premium, or of an alteration in coverage or rate during the term or any other reason, the collection of such premium from the **Insured** will be waived.

3 – DEFINITIONS

- (1) **Appraisal** means an original written valuation, purporting to represent the fair market value of a residential, multi-family, or an income **Property** which written valuation is performed by an **Employee** of the **Insured** or by an **Approved Outside Appraiser** on behalf of the **Insured** and which written valuation is provided directly to the **Insured** in respect of a **Real Estate Loan**.
- (2) **Approved Outside Appraiser** means only those persons, other than an **Employee**, who are certified or licensed by the jurisdiction in which they provide their **Appraisals** and who the **Insured** has appointed to its approved Appraisers list to perform **Appraisals** for the **Insured**.
- (3) **Attorney** means a person, other than a director, **Employee**, partner, **Sole Proprietor**, **Major Shareholder** or internal corporate **Attorney** of the **Insured**, who is specifically retained and paid by the **Insured** to perform legal services for the **Insured** in connection with a **Real Estate Loan** which is the subject matter of **1 – INSURING AGREEMENTS (1)(1.2)** and the employees of such **Attorney** while such **Attorney**, or the employees of such **Attorney**, are performing such services for the **Insured**.

- (4) **Certificate of Origin or Title** means a document issued by a manufacturer of personal **Property** or a governmental agency evidencing the ownership of the personal **Property** and by which ownership is transferred.
- (5) **Certificate Period** means the period of Certificate coverage for the **Insured** which is stated in **Item 2** of the Declarations, or if the period between the effective date of this Certificate and termination of this Certificate is less, such lesser period.
- (6) **Certificated Security** means a share participation or other interest in **Property** of or an enterprise of the issuer or an obligation of the issuer which is:
- (i) represented by an instrument issued in bearer registered form:
 - (ii) of a type commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment; and
 - (iii) either one of a class or series of shares, participation's, interests or obligations.
- (7) **Claim** means a written demand upon the **Insured** for **Damages** arising out of any **Wrongful Act** in the rendering of or failure to render **Professional Services**. A demand shall include, but shall not be limited to, any summons or paper instituting suit or arbitration proceedings against the **Insured**. All **Claims** for **Damages** arising out of the same or related acts, errors or omissions shall be deemed to be one **Claim** without regard to the number of demands, suits, proceedings or claimants. A **Claim** shall be deemed to have been made when the **Insured** first receives notice of the **Claim** from a claimant or his legal representative or agent.
- (8) **Collateral** means a note, mortgage or Deed of Trust upon real property.
- (9) **Communications Terminal** means any teletype, teleprinter or video display terminal or similar device capable of sending and/or receiving information and electronically equipped with a keyboard.
- (10) **Computer System** means a computer suitable for multi-use applications that is capable of directing hardware, software and data resources according to **Electronic Computer Programs** formulated and introduced to the computer's operating system by the user. All input, output, processing, storage and communication facilities including related communication or open systems networks which are physically connected to such a device, as well as the device's off-line media libraries, are deemed to be part of said **Computer System**. It does not include those computers suitable solely for single use applications.
- (11) **Computer Virus** means a set of unauthorized instructions, programmatic or otherwise, that propagate themselves through the **Insured's Computer System** and/or networks which instructions were maliciously introduced by a person other than by an identifiable **Employee**.
- (12) **Counterfeit** means an imitation which is intended to deceive and to be taken as an original
- (13) **Custodial Account**, as referred to in the Special Condition of **1 – INSURING AGREEMENTS (12)** means a trust, custodial or escrow account designated by the **Insured** for the sole benefit of the **Institution** and maintained by the **Insured** at a federally insured depository **Institution**.
- (14) **Customer Communication System** means those communications systems as declared in the Proposal Form which provide customers of the **Insured** with direct access to the **Insured's Computer System**.
- (15) **Damages** mean judgments, awards and settlements, provided any settlement is approved by Underwriters. **Damages** shall not include the return, reimbursement, restitution, reduction or set-off of fees, costs or expenses paid to or charged by any **Insured**, civil or

criminal fines, sanctions, or penalties imposed on the **Insured** by law, punitive or exemplary damages, the multiplied portion of multiplied damages, amounts for which the **Insured** is not financially liable or which are without legal recourse to the **Insured** or which may be deemed uninsurable under the law. **Damages** shall not include any form of injunctive or declaratory relief.

Damages shall not include the value of any **Professional Services** rendered or expense incurred by the **Insured** for modification or correction of previous work for a client, as necessitated by or consented to as the result of any settlement or final disposition of a **Claim**, or any return, withdrawal, or reduction of professional fees.

- (16) **Defense Expenses** means reasonable and necessary costs and expenses of investigation, adjustment, **Appraisal**, defense, attorneys' fees, litigation, arbitration, mediation, and all related fees and expenses paid or incurred by the **Insured** with the prior written consent of the Underwriters, or such costs or expenses incurred by the Underwriters in the settlement, litigation, mediation, or arbitration of a **Claim** under this Certificate, provided always that **Defense Expenses** do not include: (i) salary charges of **Employees** or officials of the **Insured** or (ii) salary or administration or overhead charges, or charges of any kind or character whatsoever attributable to any in-house counsel or captive out of house counsel for the **Insured**.
- (17) **Designated Agent** means any corporation, partnership or natural person which has a written agreement with the **Insured** to perform the services referred to in **1 – INSURING AGREEMENTS (11)**. Such written agreement shall set forth the terms and conditions under which the service is provided including the insurance coverage carried by said **Designated Agent**.
- (18) **Document Custodian** means the Institution that verifies and maintains the original notes and assignments of the security instruments for the **Insured**
- (19) **Electronic Communication System** means electronic communication operations both proprietary and Public Switched Networks as declared in the written proposal to Underwriters which: (i) provide electronic access to the **Insured's Computer System** and (ii) provide the **Insured** with electronic access to the **Computer Systems** of **Service Bureau's**, other mortgage bankers or financial institutions.
- (20) **Electronic Computer Programs** means computer programs, i.e., facts or statements converted to a form useable in a **Computer System** to act upon **Electronic Data**.
- (21) **Electronic Data** means facts or information converted to a form useable in a **Computer System** and which is stored on **Electronic Data Processing Media** for use by computer programs.
- (22) **Electronic Data Processing Media** means the punched cards, magnetic tapes, punched tapes or magnetic discs or other bulk media on which **Electronic Data** are recorded.
- (23) **Electronic Transmission** means the transmission of **Electronic Data** through data communication lines including by satellite links, radio frequency, infrared links or similar means used for the transmission of **Electronic Data**.
- (24) **Employee** means:
- (i) an officer or other **Employee** of the **Insured**, while employed in, at or by any of the **Insured's** offices or **Premises** covered hereunder, and a guest student pursuing studies or duties in any of said offices or **Premises**, and
 - (ii) any director of the **Insured** who is also an officer of the **Insured**, while acting in the capacity of an officer of the **Insured**, and
 - (iii) any director of the **Insured** who is not also an officer of the **Insured**, while acting as a member of any committee duly elected or appointed by resolution of the board of

directors of the **Insured** to perform specific, as distinguished from general, directorial acts on behalf of the **Insured**

- (iv) a person provided by an employment contractor to perform **Employee** duties for the **Insured** under the **Insured's** supervision at any of the **Insured's** offices or **Premises** covered hereunder, and
- (v) an **Employee** of an **Institution** merged or consolidated with the **Insured** prior to the effective date of this certificate; and
- (vi) a natural person, partnership or corporation appointed by written agreement with the **Insured** to act as its agent in the capacity of data processor of checks or other accounting records of the **Insured**, while so acting in such capacity on behalf of the **Insured**. Each such data processor and the partners, officers and **Employees** of such data processor shall be, collectively, one **Employee** for all the purposes of this Certificate.

It is understood, however, that the term **Employee** does not include any **Attorney**, partner, **Sole Proprietor** or **Major Shareholder** of the **Insured**, nor, except as provided above, any director of the **Insured**.

- (25) **Evidence of Debt** means an instrument, including a **Negotiable Instrument** executed by a customer of the **Insured** and held by the **Insured** which in the regular course of business is treated as evidencing the customer's debt to the **Insured**.
- (26) **Extended Reporting Period** means that period of time as set forth more fully in **5 – CONDITIONS** (9) of the Certificate following the expiration of the **Certificate Period** for the reporting in writing by the **Insured** to the Underwriters of **Claims** arising out of Wrongful Acts which took place on or subsequent to the **Retroactive Date** and prior to the expiration of the **Certificate Period**.
- (27) **Forged Signature** means the hand-written signing or endorsing of the name of another genuine person with intent to deceive; it does not include the signing or endorsing in whole or in part of ones own name, with or without authority, in any capacity, for any purpose.
- (28) **Fraudulent Alteration** means a material alteration to an instrument for a fraudulent purpose by a person other than the person who prepared the instrument.
- (29) **Guarantee** means a written undertaking obligating the signer to pay the debt of another to the **Insured** or its assignee or to a financial institution from which the **Insured** has purchased participation in the debt, if the debt is not paid in accordance with its terms.
- (30) **Homeowner's Insurance** means a multi-peril certificate of insurance combining **Property** and liability insurance on 1 to 4 family residential **Property** excluding, however, any coverage directly or indirectly arising out of the ownership, maintenance, operation, use, loading or unloading of
 - (i) motor vehicles, or
 - (ii) aircraft, or
 - (iii) Watercraft to the extent said Watercraft is excluded from coverage under said homeowner's certificate.
- (31) **Improper Personal Financial Gain** does not include any employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions.
- (32) **Insured** means the entity named in **Item 1** of the Declarations and any subsidiary companies which are also named therein.

- (33) **Insured Person** means:
- (i) any person who was a former or now is a principal, partner, director, officer or **Employee** of the **Insured**, but only with respect to such person performing **Professional Services** on behalf of the **Principal Insured**; and
 - (ii) any estate, heir, legal representative or assignee of any person described in paragraph (i) above, but only in the event of such person's death, incapacity or bankruptcy, and only for such person's liability as otherwise covered herein.
- (34) **Insured's Computer System** means those **Computer Systems** operated by the **Insured** and which are either owned or leased by the **Insured**.
- (35) **Investor** means a corporation, association, partnership or natural person purchasing **Real Estate Loans** sold or originated by the **Insured** and including but not limited to life insurance companies, pension funds, commercial banks, savings banks, savings and loan associations, state housing finance agencies, mortgage bankers and any **Secondary Market Institutions**.
- (36) **Loan Closing Agent** means a natural person reviewed and accepted by the **Insured** to perform Loan closing services for the **Insured** in connection with a **Real Estate Loan** which is the subject matter of **1 – INSURING AGREEMENTS (1)(1.2)**
- (37) **Major Shareholder** means a natural person who has or had directly, indirectly or beneficially 25% or more of the outstanding voting shares of the **Insured**
- (38) **Managerial Wrongful Act** means any actual or alleged negligent act, error, omission, misstatement, misleading statement, or neglect or breach of duty by a director, officer or partner of the **Insured** in the discharge of such person's duties in his or her capacity as such.
- (39) **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as part of its currency.
- (40) **Negotiable Instrument** means any writing
- (i) signed by the maker or drawer; and
 - (ii) containing any unconditional promise or order to pay a sum certain in **Money** and no other promise, order, obligation or power given by the maker or drawer; and
 - (iii) is payable on demand or at a definite time; and
 - (iv) is payable to order or bearer.
- (41) **Premises** means:
- (i) the **Insured's** main office stated in the Declarations, and
 - (ii) any branch office or other office from which the **Insured** carries on its business, and
 - (iii) any office of any commercial bank, savings bank, savings and loan association, transfer agent or registration agent having custody of **Property** for the purpose of safekeeping, exchange, conversion, registration or transfer in the Ordinary course of business
- (42) **Principal Insured** means the entity first listed in **Item 1** of the Declarations.
- (43) **Professional Indemnity Wrongful Act** means any actual or alleged breach of duty, neglect, error, misstatement, misleading statement or omission on the part of the **Insured** solely in rendering or failing to render **Professional Services** to others.

- (44) **Professional Services** means those services rendered by the **Insured** to others in the ordinary course of the **Principal Insured's** business as a mortgage banker and/or mortgage broker with respect to loan origination, loan processing, loan marketing, construction lending, loan closing, warehousing, loan accounting, loan servicing, foreclosure and real estate owned servicing
- (45) **Property** means the following tangible items: currency, coin, bank notes, Federal Reserve notes, certificates of stock, Bonds, Bond coupons and similar forms of **Securities**, checks, drafts, mortgage backed **Securities**, negotiable and non-negotiable instruments or contracts representing **Money** or other **Property** (real or personal), books of account and other records including tapes discs and similar recording media used by the **Insured** in the conduct of its business, which items are held by the **Insured** for any purpose or in any capacity and whether so held gratuitously or otherwise and whether the **Insured** is legally liable therefore or not, and other tangible items of personal **Property** not hereinbefore enumerated for which the **Insured** is legally liable.
- (46) **Real Estate Documents** mean any original:
- (i) Mortgage, Trust Deed, Note, Title Certificate, Deed, Application for Mortgage Loan, Verification of Employment, Verification of Deposit, documents evidencing private mortgage insurance, Federal Housing Administration insurance or Veteran's Administration Guarantee, assignment of mortgage, assignment of deed of trust, assumption agreement, assignment of leases and rents, **Security Agreement**, escrow agreements, access and amenity agreements, or joint use and maintenance agreements and
 - (ii) Underwriting documents including financial statements, rent rolls, operating statements on the asset (if an existing **Property**) specifications for the real property, surveys, or leases in connection with a loan on commercial real property including a real estate construction loan, estoppel certificates, certificates of occupancy, real estate sales contract, settlement statement, credit report, damage restoration statement, environmental report, property inspection report, cooperative maintenance lee report or cooperative board resolution, and
 - (iii) **Appraisal**, mortgage commitment, or borrower's acceptance of commitment, and
 - (iv) Uniform Commercial Code financing statement pursuant to U.C.C. c9-402 to perfect a security interest in real property excluding a **Security Agreement**, and
 - (v) Letter of credit, assignment of a certificate of deposit or bank account, and any similar instrument pledged to the **Insured** as **Collateral** for a **Real Estate Loan** and Land Trust documents, and
 - (vi) Owner's sworn statement, architect's certificate, inspecting engineer's report, lien waiver, soil test report and draw request, provided that said items are obtained by the **Insured** in connection with a construction loan.
- (47) **Real Estate Loan** means a loan or transaction in the nature of a loan or extension of credit secured by a note and a mortgage or Deed of Trust on a 1 to 4 family residential property or on multi-family property or commercial real property, including a real estate construction loan.
- (48) **Retroactive Date** means the date specified in **Item 3** of the Declarations.
- (49) **Secondary Market Institution** or **Institution** means the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and for the purposes of **1 – INSURING AGREEMENTS (12)** only, any **Investor** that is specifically named in an **Investor Loss Payee Endorsement** for specifically approved **Investor(s)**.
- (50) **Securities** means all negotiable and non-negotiable instruments representing either **Money** or other **Property**.

- (51) **Security Agreement** means an agreement which creates an interest in personal property or fixtures and which secures payment or performance of an obligation
- (52) **Service Bureau** means a natural person partnership or corporation authorized by written agreement to perform data processing services using **Computer Systems**.
- (53) **Service Bureau's Computer System** means those **Computer Systems** operated by a **Service Bureau** and which are either owned by or leased to a **Service Bureau**.
- (54) **Sole Proprietor** means a natural person who directly or beneficially solely owns or owned the **Insured**.
- (55) **Telefacsimile** means a system for transmitting written documents by means of electronic signals over telephone lines to equipment maintained by the **Insured** within a specially secured area for the purpose of reproducing a copy of said document.
- (56) **Tested** means a method of authenticating the contents of a communication by affixing thereto a valid test key which has been exchanged between the **Insured**, another financial institution, a mortgage banker or between offices of the **Insured** for the purpose of protecting the integrity of the communication in the ordinary course of business.
- (57) **Theft** as used in **1 – INSURING AGREEMENTS (12)** means:
- (i) the wrongful taking of **Money** deposited in a **Custodial Account** for the sole benefit of the **Institution** which **Money** has been deposited with or paid to the **Insured** for the purpose of purchasing a **Real Estate Loan** for said **Institution** or collected or received by the **Insured** for said **Institution** in connection with a **Real Estate Loan** which the **Insured** is servicing for said **Institution** or
 - (ii) the wrongful appropriation and fraudulent sale or pledging to others of **Collateral** in which an **Institution** has an interest which acts were committed with the intent to deprive said **Institution** of its rights to said **Money** or **Collateral**.
- (58) **Trading** means **Trading** or other dealings whether actual or fictitious in **Securities**, commodities, futures, options, foreign or federal funds, currencies, foreign exchange and the like but shall be deemed not to include the purchase and sale of mortgages to or for an **Investor** or another mortgage banker.
- (59) **Transportation Company** means any organization which provides its own or leased vehicles for transportation or which provides freight forwarding or air express services.

4 – EXCLUSIONS

Exclusions applicable to Parts A, B and D of this Certificate

This Certificate does not cover:

- (1) loss resulting directly or indirectly from forgery or alteration, except when covered under **1 – INSURING AGREEMENTS (1)**(1.1), (1.2), **(4)**, **(5)** or **(12)**;
- (2) loss due to riot or civil commotion outside the United States of America and Canada; or loss due to military, naval or usurped power, war or insurrection unless such loss occurs in transit in the circumstances recited in **1 – INSURING AGREEMENTS (3)**, and unless, when such transit was initiated, there was no knowledge of such riot, civil commotion, military, naval or usurped power, war or insurrection on the part of any person acting for the **Insured** in initiating such transit;

- (3) loss resulting directly or indirectly from the effects of nuclear fission or fusion or radioactivity, provided, however, that this paragraph shall not apply to loss resulting from industrial uses of nuclear energy;
- (4) loss involving any dishonest or fraudulent act or **Theft** by any **Employee** of the **Insured**, except when covered under **1 – INSURING AGREEMENTS (1)(1.1),(1.2)** or **(12)**;
- (5) loss involving any dishonest or fraudulent act of any **Attorney** performing legal services for the **Insured**, except when covered under **1 – INSURING AGREEMENTS (1)(1.2)**;
- (6) loss involving any act of the **Sole Proprietor** of the **Insured**, except when covered under **1 – INSURING AGREEMENTS (11)** or **(12)**;
- (7) loss involving any act of any partner or **Major Shareholder** of the **Insured**, except when covered under **1 – INSURING AGREEMENTS (11)** or **(12)**;
- (8) loss resulting directly or indirectly from any acts of any director of the **Insured** other than an **Employee** of the **Insured**, except when performing acts coming within the scope of the usual duties of an **Employee**;
- (9) loss resulting directly or indirectly from any act of any mortgage broker or **Designated Agent** or originator except when covered under **1 – INSURING AGREEMENTS (4), (5), (11)(11.1), (11.2), (11.3), (11.4), (11.5), (11.6)(i)** and **(12)** or when said loss has been caused by the dishonest acts of an **Employee** and is covered under **1 – INSURING AGREEMENTS (1)(1.1)** or **(1.2)**;
- (10) loss resulting directly or indirectly from **Trading**, with or without the knowledge of the **Insured**, whether or not represented by any indebtedness or balance shown to be due the **Insured** on any customer's account, actual or fictitious, and notwithstanding any act or omission on the part of any **Employee** in connection with any account relating to such **Trading**, indebtedness, or balance, except when covered under **1 – INSURING AGREEMENTS (1)(1.1)**;
- (11) loss involving payments made by the **Insured** against **Negotiable Instruments** received by the **Insured** which are not finally paid for any reason, whether such payments were procured in good faith or through forgery, trick, artifice, fraud or false pretenses or any other means, except when covered under Insuring Agreements (1.1), (1.2), (5), (7) or (12);
- (12) loss of income or profit including but not limited to interest, dividends commissions and the like, whether payable to an **Investor** or otherwise, except such loss as covered by **1 – INSURING AGREEMENTS (1)(1.1), (1.2)** or **(12)**, and which represents in whole or in part interest payments actually received by the **Insured** on a **Real Estate loan** and which interest payments were not remitted by the **Insured** to a **Secondary Market Institution**;
- (13) damages of any type for which the **Insured** is legally liable, except compensatory damages, but not multiples thereof, arising directly from a loss covered under this Certificate;
- (14) loss through the surrender of **Property** away from an office of the **Insured** as a result of a threat: to do bodily harm to any person, except loss of **Property** on the **Premises**, or in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the **Insured** of any such threat, or to do damage to the **Premises** or **Property** of the **Insured**, except when covered under **1 – INSURING AGREEMENTS (1)(1.1), (1.2), (2)** or **(3)**;
- (15) loss involving any forgery, trick, artifice, fraud or false pretenses except when covered under **1 – INSURING AGREEMENTS (1)(1.1), (1.2), (4), (5), (6), (8), (10)** or **(12)**;
- (16) damages resulting from any civil, criminal or other legal proceeding in which the **Insured** is alleged to have engaged in racketeering activity except direct compensatory damages (but not multiples thereof) representing reimbursement for direct losses covered by this

Certificate. For the purposes of this exclusion, "racketeering activity" is defined in 18 United States Code 1961 et seq., as amended or similar state of Federal Statutes;

- (17) loss resulting directly or indirectly from contractual or extra-contractual liability sustained by the **Insured** in connection with the issuance of contracts or purported contracts of insurance;
- (18) loss resulting directly or indirectly from Earthquake and resultant Fire;
- (19) loss resulting directly or indirectly from **Counterfeiting**, except when covered under **1 – INSURING AGREEMENTS (1)(1.1), (1.2), (5) or (6)**;
- (20) all fees, costs and expenses incurred by the **Insured** in establishing, or attempting to establish, the existence of or amount of loss covered by this Certificate, except when covered under **1 – INSURING AGREEMENTS (7)**.
- (21) in respect of **1 – INSURING AGREEMENTS (11)**, any loss arising from the **Insured's** activities as an insurance agent or otherwise where the **Insured's** interest or involvement in the subject insurance is not of a mortgagee or mortgage servicing agent;
- (22) loss resulting from the **Insured's** inability to obtain or maintain any insurance or **Guarantee**, because said insurance or **Guarantee** is unavailable or, if available, is inadequate as to amount, except with respect to the provision of a mortgagee clause as provided in **1 – INSURING AGREEMENTS (11)(11.2)**;
- (23) loss resulting directly or indirectly from the failure or bankruptcy of an insurance company including the loss of or unavailability of insurance coverage due to said bankruptcy or failure;
- (24) loss resulting from the **Insured** having repurchased or having been required to repurchase a **Real Estate Loan** from an **Investor** or **Secondary Market Institution** except when covered under **1 – INSURING AGREEMENTS (5)(5.2), (11)(11.3), (11.6) or (12)**;
- (25) loss directly or indirectly involving the ownership, maintenance, operation, use, loading or unloading of:
 - (i) motor vehicles
 - (ii) aircraft, or
 - (iii) watercraft to the extent said watercraft is excluded from coverage under **Homeowner's Insurance**;
- (26) loss arising out of the failure to obtain or maintain Title Insurance;
- (27) loss of **Electronic Data Processing Media** or **Electronic Data** while in the mail or with a carrier for hire other than an armored motor vehicle company or Federal Express or similar common carriers;
- (28) loss of **Electronic Data** or **Electronic Data Processing Media** except as provided for under **5 – CONDITIONS (18)**;
- (29) with respect to **1 – INSURING AGREEMENTS (10)** any loss caused by an identifiable **Employee** of the **Insured** or by a person or persons in collusion with any **Employee** of the **Insured**;

It is understood and agreed with respect to this exclusion that prior knowledge by an **Employee** that a fraudulent act by a person or persons, not in the employ of the **Insured**, has been or will be perpetrated, shall for the intent and purpose of this Certificate be deemed to be collusion should said **Employee** willfully or deliberately withhold this knowledge from the **Insured**. However, the withholding of knowledge from the **Insured** by

an **Employee** because of a threat to do bodily harm to any person or to damage to the **Premises** or **Property** of the **Insured** shall not be deemed to be or to constitute collusion.

- (30) with respect to **1 – INSURING AGREEMENTS (10)** any loss resulting directly or indirectly from:
- (i) written instructions or advises, or
 - (ii) telegraphic or cable instructions or advises, or
 - (iii) instructions or advises by voice over telephone, or
 - (iv) **Telefacsimile** instructions or advises;
- (31) loss resulting directly or indirectly from the accessing of any confidential information including but not limited to trade secret information, computer programs or customer information;
- (32) loss resulting directly or indirectly from the fraudulent preparation, fraudulent modification or destruction of **Electronic Computer Programs** unless covered under **1 – INSURING AGREEMENTS (10)(10.3)**;
- (33) loss as a result of a threat:
- (i) to do bodily harm to any person, except loss of **Electronic Data Processing Media** in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the **Insured** of any such threat, or
 - (ii) to do damage to the **Premises** or **Property** of the **Insured**.
- (34) loss resulting from fraudulent features contained in **Electronic Computer Instructions** developed for sale to or that are sold to multiple customers at the time of their acquisition from a vendor or consultant;
- (35) loss resulting directly or indirectly from any **Computer Virus** unless covered under **1 – INSURING AGREEMENTS (10)(10.5)**;
- (36) loss arising out of, resulting from or in consequence of, or in any way involving, whether suddenly or over a long period of time:
- (i) the actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **Pollutants**.
 - (ii) any injury, damage, payments, costs or expense incurred as a result of any testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of **Pollutants**.

Exclusions applicable to Parts C and D of this Certificate

This Certificate does not cover any Damages or Defense Expenses incurred with respect to:

- (37) any **Claim** by, on behalf of, or at the direction of the **Insured**, any **Insured Person** or any of the **Insured's** other directors and officers or **Employee** except to the extent such claim is brought derivatively by a security holder of the **Insured** who, when such claim is first made, is acting independently of all the **Insured** and its directors and officers;
- (38) any **Claim** arising out of any criminal, dishonest, fraudulent or malicious act, or intentional error, or omission of the **Insured**, or any one acting on its behalf, including its **Employees**, officers, directors or trustees;

- (39) any **Claim** arising out of or related to any finding any entity or person covered hereunder gained any personal profit or advantage to which they were not legally entitled;
- (38) and (39) above, however, shall not apply to an individual or entity covered under this Certificate, where such individual or entity did not personally commit, acquiesce in, or remain passive after having knowledge of the actions giving rise to the **Claim**.
- (40) any **Claim** by any person or entity covered under this insurance against another person or entity covered under this insurance;
- (41) any **Claim** arising out of, resulting from or in consequence of, or in any way involving Bodily Injury, or injury to or destruction of any tangible property, including the loss of use thereof,
- (42) any **Claim** arising out of the insolvency or bankruptcy of the **Insured** or of any other entity including but not limited to the failure, inability, or unwillingness to pay **Claims**, losses, or benefits due to the insolvency, liquidation or bankruptcy of any such individual or entity;
- (43) any **Claim** made by or against or in connection with any business enterprise (including the ownership, maintenance or care of any property in connection therewith), not named in the Declarations, which is owned by any entity or person covered under this Certificate, or in which any entity or person, or such person's spouse is a trustee, partner, officer, director or **Employee** or more than a 5% shareholder;
- (44) any **Claim** arising out of any acts, errors, or omissions that took place prior to the effective date of this insurance, if any entity or person covered hereunder on the effective date knew or could have reasonably foreseen that such acts, errors or omissions might be expected to be the basis of a **Claim** or any **Claim** or circumstance which might lead to a **Claim**;
- (45) any **Claim** or circumstance which might lead to a **Claim** in respect of which any entity or person covered hereunder has given notice to the issuer of any other certificate in effect prior to the effective date of the certificate;
- (46) any **Claim** arising out of or relating to any liability assumed by any entity or person covered hereunder under any contract or agreement, whether written or oral, including but not limited to any express warranties or **Guarantees**, or estimates of cost, unless such liability would have attached to the **Insured** in the absence of such agreement;
- (47) any **Claim** arising out of the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto;
- (48) any **Claim** for punitive or exemplary damages, fines, sanctions, penalties, damages which are a multiple of compensatory damages, including damages awarded pursuant to the federal Racketeer Influenced Corrupt Organizations Act (RICO) or similar state or federal statutes or for the return of or reimbursement of fees, costs or expenses charged by the **Insured**;
- (49) any **Claim** arising out of libel or slander or other defamatory or disparaging material, or a publication or an utterance in violation of an individual's right of privacy; or arising out of plagiarism, infringement of copyright or trademark or patent or any **Claim** arising out of the use or misuse of confidential or propriety information;
- (50) any **Claim** arising out of actual or alleged harassment or discrimination, including, but not limited to, discriminatory employment practices and discriminating lending practices;
- (51) any **Claim** arising out of, resulting from or in consequence of, or in any way involving, whether suddenly or over a long period of time:
- (i) the actual, alleged or _threatened emission, discharge, dispersal, seepage, release or escape of **Pollutants**.

- (ii) any injury, damage, payments, costs or expense incurred as a result of any testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of **Pollutants**.
- (52) any **Claim** arising out of any actual or alleged commingling of or inability or failure to pay, collect or safeguard funds;
- (53) any **Claim** arising out of or based upon a loss alleged to have been sustained through fluctuation in the market value of any security or property including real property;
- (54) any **Claim** seeking non-pecuniary relief;
- (55) any **Claim** arising out of any defect in title not disclosed of public record of which (defect in title) the **Insured** or any **Insured Person** had actual or constructive knowledge at the date of issuance of such title;
- (56) any **Claim** brought by on behalf of or in the right of any other Underwriter or insurer providing coverage to any entity or person covered hereunder to recoup all or a portion of any amounts paid by such Underwriter whether by subrogation, assignment or otherwise;
- (57) any **Claim** based upon or arising out of any transaction in which any entity or person covered hereunder has a financial interest as a buyer or seller of real property;
- (58) any **Claim** arising out of any **Guarantee**, promise, representation or other advice concerning the availability of funds, costs associated with obtaining those funds, or interest rates that may be charged;
- (59) any **Claim** arising out of related to or based upon the financial inability to pay, insolvency, receivership, bankruptcy or liquidation of any Underwriter, insurer, reinsurer, intermediary or others acting on their behalf,
- (60) any **Claim** directly or indirectly occasioned by, happening through or in consequence of war, invasion acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of a damage to property by or under the order of any government or public or local authority;
- (61) any **Claim** arising out of, resulting from or in consequence of, or in any way involving any nuclear contamination, nuclear reaction, or radiation regardless of cause;
- (62) any **Claim** arising out of the loss of intangible property;
- (63) indirect or consequential loss of any nature.
- (64) **Claims** for, or arising out of, directly or indirectly, the **Insured's** failure or the failure of any person covered hereunder, to obtain or maintain insurance, including but not limited to mortgagor insurance, mortgagee insurance, the insurance or guarantee coverage, or the **Insured's** or other person's activities as an insurance agent.
- (65) any **Claim** based upon or directly or indirectly arising out of or resulting from a Sub Prime Loan.

The term Sub Prime Loan includes but is not limited to a loan (a) in connection with which one of the borrowers or guarantors has a FICO score of less than 620 or (b) rated "B" quality or lower

- (66) any **Claim** made against any Insured alleging, arising out of, based upon or attributed to
 - (i) Non-disclosure, concealment, or misrepresentation of the terms of a loan, or of any information or rights required to be disclosed under the Truth-in-Lending Act of

- 1968, Title 1 of the Consumer Credit Protection Act as amended (15 USC 1601§ *et seq.*), or Regulation Z (12 CFR Part 226)(“**TILA**”); or
- (ii) Improper, excessive, illegal, or unauthorised fees or penalties, including but not limited to prepayment penalties
- (67) any **Claim** based upon or:
- (i) arising out of, or in connection with any repurchase of loans
 - (ii) arising out of, or in connection with Loan servicing
 - (iii) arising out of, or in connection with any claim arising out of any defective title or deed
 - (iv) arising out of, or in connection with:
 - (a) any transaction in which any Insured has a financial interest as a buyer or seller of real property;
 - (b) any transaction involving a lease in which any insured or any affiliate of any Insured has a financial interest as a lessor or lessee in the property being leased
- (68) any **Claim** based upon, arising out of or in consequence of forming, syndicating, operating, administrating, advising or rolling up a limited partnership or real estate investment trust.

5 – CONDITIONS

(1) **Representation of Insured**

Condition applicable to ALL Parts of this Certificate

The **Insured** represents that the information furnished in the application for this Certificate is complete, true and correct. Such application constitutes part of this Certificate.

Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in the application or otherwise, shall be grounds for the rescission of this Certificate.

(2) **Joint Insured**

Condition applicable to ALL Parts of this Certificate

If two or more **Insureds** are covered under this Certificate, the first named **Insured** shall act for all **Insureds**. Payment by the Underwriters to the first named **Insured** of loss or sustained by any **Insured** or **Claim** made under this Certificate shall fully release the Underwriters on account of such loss or **Claim**. If the first named **Insured** ceases to be covered under this certificate, the **Insured** next named shall thereafter be considered as the first named **Insured**. Knowledge possessed or discovery made by any **Insured** shall constitute knowledge or discovery by all **Insureds** for all purposes of this certificate. The indemnity of the Underwriters for loss or losses sustained by all **Insureds** or **Claim** or **Claims** made under this Certificate, shall not exceed the amount for which the Underwriters would have been liable had all such loss or losses, **Claim** or **Claims** been sustained by one **Insured**.

(3) **Additional Offices or Employees-Consolidation, Merger or Purchase of Assets-Notice**

Condition applicable to ALL Parts of this Certificate

If the **Insured** shall, while this certificate is in force, establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or

liabilities of, another **Institution**, such offices shall be automatically covered hereunder from the date of such establishment without the requirement of notice to the Underwriters or the payment of additional premium for the remainder of the **Certificate Period**.

If the **Insured** shall, while this certificate is in force, consolidate or merge with, or purchase or acquire assets or liabilities of, another **Institution**, the **Insured** shall not have such coverage as is afforded under this certificate for loss which

- (i) has occurred or will occur in offices or **Premises**, or
- (ii) has been caused or will be caused by an **Employee** or **Employees** of such **Institution**, or
- (iii) has arisen or will arise out of the assets or liabilities acquired by the **Insured** as a result of such consolidation, merger or purchase or acquisition of assets or liabilities unless the **Insured** shall
 - (a) give the Underwriters written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action, and
 - (b) obtain the written consent of the Underwriters to extend the coverage provided by this certificate to such additional offices or **Premises**, **Employees** and other exposures, and
 - (c) upon obtaining such consent, pay the Underwriters an additional premium.

(4) **Change of Control – Notice**

Condition applicable to ALL Parts of this Certificate

(i) Change in Stock Ownership

Upon the **Insureds** obtaining knowledge of a transfer of its outstanding voting stock which results in a change in control of the **Insured**, the **Insured** shall as soon as practicable and in any event within thirty (30) days of such knowledge give written notice to the Underwriters setting forth full particulars of the transaction including the identity of the transferors and transferees (or the identity of the beneficial owners if the shares are registered in another name).

As used in this Condition, control means the power to determine the management or certificate of the **Insured** by virtue of voting stock ownership. A change in ownership of voting stock which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten percent (10%) or more of the outstanding voting stock of the **Insured** shall be presumed to result in a change of control for the purpose of the required notice.

(ii) Change in Partnership or **Sole Proprietor** Status

The **Insured** shall give notice of a change in partnership or **Sole Proprietor** status resulting in a change of control as soon as practicable and in any event within thirty (30) days of such change give written notice to the Underwriters setting forth the full particulars of such change including the identity of the new partners or owners.

(5) **Continuation of Coverage**

Condition applicable to ALL Parts of this Certificate

The **Insured** shall not have any coverage under this Certificate for any loss sustained after the date of such ownership change or change in control unless the **Insured** shall:

- (i) give written notice in the time and manner aforementioned, and
- (ii) obtain the written consent of the Underwriters to continue some or all of the coverage provided by this Certificate, and
- (iii) give written notice to the Underwriters of its agreement to the terms required for said coverage, and
- (iv) pay to the Underwriters any additional premium:

(6) **Discovery**

Condition applicable to Parts A and B of this Certificate

This Certificate applies only to loss first discovered by the **Insured** during the **Certificate Period**. Discovery occurs when the **Insured** first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this Certificate has been or will be incurred, regardless of when the acts or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the **Insured** receives notice of an actual or potential **Claim** in which it is alleged that the **Insured** is liable to a third party under circumstances which, if true, would constitute a loss under this Certificate.

(7) **Notice/Proof – Legal Proceedings Against Underwriter**

Condition applicable to Parts A and B of this Certificate

- (i) At the earliest practicable moment, but in no event later than sixty (60) days, after the expiration of the **Certificate Period**, the **Insured** shall give the Underwriters notice of discovery of loss.
- (ii) Within 6 months after such discovery, the **Insured** shall furnish to the Underwriters proof of loss, duly sworn to, with full particulars.
- (iii) Lost Certificated **Securities** listed in a proof of loss shall be identified by certificate or bond numbers if such **Securities** were issued therewith.
- (iv) Legal proceedings for the recovery of any loss hereunder shall not be brought prior to the expiration of 60 days after the original proof of loss is filed with the Underwriters or after the expiration of 24 months from the discovery of such loss.
- (v) If any limitation embodied in this Certificate is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
- (vi) This certificate affords coverage only in favor of the **Insured**. No suit, action or legal proceedings shall be brought hereunder by any one other than the named **Insured**.
- (vii) Special Condition Applicable to **1 – INSURING AGREEMENTS (11)(11.1)**:

It is agreed that, as a condition precedent to the rights to recover under **1 – INSURING AGREEMENTS (11)(11.1)**, the **Insured** shall give written notice of the discovery of the loss at the earliest practicable moment but in no event later than sixty (60) days after the expiration of the **Certificate Period**. The written notice shall provide full particulars including the identity of the person(s) responsible for the loss, the circumstances surrounding the loss, the amount of the loss and any other information which the **Insured** may so possess.

- (viii) Special Condition Applicable to **1 – INSURING AGREEMENTS (11)**(11.2), (11.3), (11.4), (11.5), (11.6) and **(12)**:

It is agreed that, as a condition precedent to its right to recover under **1 – INSURING AGREEMENTS (11)**(11.2), (11.3), (11.4), (11.5), (11.6) and **(12)** of this Certificate, the **Insured** shall give written notice of any **Claim** made against the **Insured** at the earliest practicable moment but in no event later than sixty (60) days after the expiration of the Certificate Period. The written notice shall provide full particulars including the identity of the persons bringing the **Claim**, the identity of the person(s) responsible for the loss, the circumstances surrounding the loss, the amount of the loss and any other information which the **Insured** may so possess.

If during the **Certificate Period** the **Insured** becomes first aware of any error or negligent omission under **1 – INSURING AGREEMENTS (11)**(11.1), (11.2), (11.3), (11.4), (11.5) or (11.6) before any **Claim** is made against the **Insured** but which could be reasonably anticipated to result in a **Claim** against the **Insured**, then the **Insured** shall give written notice at the earliest practicable moment but in no event later than sixty (60) days after the expiration of the **Certificate Period**. The written notice shall include information on any loss or damage which has or may result therefrom and how the **Insured** became first aware of such error or negligent omission. Any **Claim** subsequently made against the **Insured** as a direct result of such error or negligent omission shall be deemed to have been a **Claim** made at the time the **Insured** becomes first aware of such error or negligent omission.

(8) **Reporting of Claims and Potential Claims**

Condition applicable to Parts C and D of this Certificate

(i) **Reporting of Potential Claims and Claims**

As a condition precedent to the right to recover under this Certificate, the **Insured** shall give to Underwriters written notice at the earliest practicable moment, but in no event later than sixty (60) days, after the expiration of the **Certificate Period**:

- (a) any act, error or omission which may reasonably be anticipated to give rise to a **Claim** against the **Insured**;
- (b) any notice, advice or threat, written or oral, that any person or organization intends to hold the **Insured** liable for any alleged **Managerial** or **Professional Indemnity Wrongful Act**; and
- (c) any **Claim** made against the **Insured**.

The written notice shall provide full particulars about the potential **Claim** or **Claim**, including the identity of the person(s) bringing or anticipated to bring the potential **Claim** or **Claim**, the identity of the person(s) responsible for the acts giving rise to the potential **Claim** or **Claim**, how the **Insured** first became aware of the potential **Claim** or **Claim**, the identity of the covered individual or entity involved, the amount of potential **Damages** or **Defense Expenses** involved, and such other information which the **Insured** may so possess.

If written notice is provided pursuant to paragraph (i)(a) or (b) above, then any **Claim** which arises out of such circumstance(s) or event(s) which is subsequently made against the **Insured** shall be deemed for the purposes of this Certificate to have been made and reported at the time such earlier notice of the circumstance(s) or event(s) was provided to Underwriters

(ii) **Action Against Underwriters**

It is agreed that the Insurance granted under this Certificate shall be for the exclusive benefit of the **Insured** and that in no event shall any other party have any right of action under this Certificate.

Legal proceedings for recovery under this Certificate with respect to any **Claim** hereunder shall not be brought after the expiration of 24 months after there has been full compliance with all of the terms of this Certificate and after the amount of the **Insured's** obligation to pay shall have been finally determined either by an adjudication against the **Insured** or by written agreement of the **Insured**, the claimant and Underwriters.

(9) **Extended Reporting Period**

Condition applicable to Parts C and D of this Certificate

(i) Option to Purchase

If this Certificate is cancelled or non-renewed by Underwriters, then the **Principal Insured** shall have the right to purchase an **Extended Reporting Period** with respect to the reporting of **Claims** which are first made during such Period, BUT ONLY WITH respect to the reporting of any **Claim** resulting directly from a **Professional Indemnity Wrongful Act** occurring subsequent to the **Retroactive Date** and prior to the expiration of the **Certificate Period** in the manner set forth in the Insuring Agreement.

Such option must be exercised by the **Principal Insured** within thirty (30) days after the expiration of the **Certificate Period** by providing: (i) written notice to Underwriters' authorized representative; and (ii) with the written **notice**, the required premium.

The coverage provided by an **Extended Reporting Period** applies to the **Insured** and any other individual or entity covered under the Insuring Agreement of the Certificate; however, the Underwriters shall have no obligation to provide notice to any individual or entity covered under the Insuring Agreement of the availability of an **Extended Reporting Period** coverage for such individual or entity.

It is understood and agreed that the quotation of a different premium and/or deductible(s) and/or limit(s) of indemnity and/or a change in the terms does not constitute cancellation or non-renewal by Underwriters.

(ii) Period of Time and Premium Charged

The **Extended Reporting Period** shall be for a period of 12 months at a premium for such 12 month period of 100% of the premium set forth in **Item 9** of the Declarations. An **Extended Reporting Period** is not renewable.

(iii) Limit of Indemnity

The liability of the Underwriters for all **Claims** reported during an **Extended Reporting Period** shall be part of and not in addition to the Limits of Indemnity for the **Certificate Period** as set forth in **Item 4(iii)** of the Declarations and in accordance with **5 – CONDITIONS (17)** of this Certificate. In accordance with **5 – CONDITIONS (17)**, the limits available during an **Extended Reporting Period** may have been reduced by payments during the **Certificate Period**, and any payment made during an **Extended Reporting Period** shall also reduce the available Limit(s) of Indemnity.

(iv) Premium Fully Earned

The premium paid for an **Extended Reporting Period** shall be deemed fully earned. In the event, however, that the **Insured** purchases any contract of

insurance or other indemnity which replaces, in whole or in part, the coverage afforded under an **Extended Reporting Period**, such **Period** shall cease and the Underwriters shall refund, as if unearned, the pro rata portion of the premium.

(v) **No Extension of Certificate Period**

The **Certificate Period** is not extended by the granting of an **Extended Reporting Period**. Such **Period** shall not be construed to be a new certificate and any **Claim** reported during such **Period** shall otherwise be governed by all the terms and conditions of this Certificate.

If, during any **Extended Reporting Period**, the **Insured** gives written notice to the Underwriters of a **Claim**, that **Claim** shall be deemed to have been made on the last day of the **Certificate Period** and any subsequent **Claims** arising out of the same or related acts, errors or omissions shall also be deemed to have been made on the last day of the **Certificate Period**.

(vi) **No Option in Event of Non-Payment or Fraud**

If the Certificate is canceled or non-renewed for non-payment of premium, misrepresentation, non-disclosure or fraud, then no **Extended Reporting Period** shall be afforded under this Certificate.

(10) **Assignment – Subrogation – Recovery**

Condition applicable to Parts A and B of this Certificate

- (i) In the event of payment under this certificate, the **Insured** shall deliver, if so requested by the Underwriters, an assignment of such of the **Insured's** rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.
- (ii) In the event of payment under this certificate, the Underwriters shall be subrogated to all of the **Insured's** rights of recovery therefor against any person or entity to the extent of such payment.
- (iii) Recoveries, whether effected by the Underwriters or by the **Insured**, shall be applied net of the expense of such recovery first to the satisfaction of the **Insured's** loss which would otherwise have been paid but for the fact that it is in excess of either the Single loss or Aggregate Limit of Indemnity, secondly, to the Underwriters as reimbursement of amounts paid in settlement of the **Insured's Claim**, and thirdly, to the **Insured** in satisfaction of any Deductible Amount. Recovery on account of loss of **Securities** as set forth in **5 – CONDITIONS (18)(i)** recovery from reinsurance and/or indemnity of the Underwriters shall not be deemed a recovery as used herein.

(11) **Cooperation**

Condition applicable to ALL Parts of this Certificate

Upon the Underwriters' request and at reasonable times and places designated by the Underwriters, the **Insured** shall

- (i) submit to examination by the Underwriters and subscribe to the same under oath; and
- (ii) produce for the Underwriters' examination all pertinent records including the audit records of its accountants; and
- (iii) cooperate with the Underwriters in all matters pertaining to the loss or **Claim**.

The **Insured** shall execute all papers and render all assistance as requested by the Underwriters.

The **Insured** shall do nothing after discovery of loss or a **Claim** has been made to prejudice the Underwriters' rights. Subject to **1 – INSURING AGREEMENTS (12)** and **5 – CONDITIONS (14)(ii)** should an **Institution** make a **Claim** under this Certificate said **Institution** shall as a condition precedent to any recovery under this Certificate cooperate by providing the documents and information above set forth.

(12) **Limit of Liability Under this Certificate and Prior Insurance**

Condition applicable to ALL Parts of this Certificate

If the coverage of this Certificate supersedes in whole or in part the coverage of any other certificate or certificate of insurance issued by an Insurer other than the Underwriters and terminated, canceled or allowed to expire, the Underwriters, with respect to any loss sustained prior to such termination, cancellation or expiration and discovered within the period permitted under such other certificate or certificate of Insurance for the discovery of loss there under, shall be liable under this certificate only for that part of such loss covered by this certificate as is in excess of the amount recoverable or recovered on account of such loss under such other certificate or certificate of Insurance, anything to the contrary in such other certificate or certificate of Insurance notwithstanding.

(13) **Other Insurance or Indemnity**

Condition applicable to ALL Parts of this Certificate

It is agreed that in the event of loss, this Certificate, insofar as it covers loss also covered by other insurance or indemnity, shall only pay **Claims** (not exceeding the applicable Aggregate limit(s) of Indemnity or any applicable sub-limit) for the excess of the amount of such other insurance or indemnity. As excess insurance this Certificate shall not apply or contribute to the payment of any loss until the amount of such other insurance or indemnity shall have been exhausted.

(14) **Right of Action**

Condition applicable to ALL Parts of this Certificate

- (i) It is agreed that this Certificate shall be for the sole use and benefit of the **Insured** named in the Declarations **Item 1** and that in no event except with regard to **1 – INSURING AGREEMENTS (11)(11.3), (11.6)** and **(12)** stated below, shall anyone other than the Named **Insured** have any right of action under this Certificate.
- (ii) With regard to **1 – INSURING AGREEMENTS (11)(11.3), (11.6)** and **(12)** if a **Secondary Market Institution** makes a **Claim** against the **Insured** during the **Certificate Period** and the **Insured** fails to give written notice pursuant to **5 – CONDITIONS (7)(viii)**, then the Institution as a condition precedent to coverage under the Certificate is required to give written notice of such **Claim** at the earliest practicable moment but in no event later than ninety (90) days following the date such **Claim** was made against the **Insured** and said **Institution** shall furnish to the Underwriter proof of loss as provided in **5 – CONDITIONS (7)** of this Certificate and shall comply with **5 – CONDITIONS (11)** of this Certificate.

If the **Insured** makes a **Claim** under **1 – INSURING AGREEMENTS (11)(11.3), (11.6)** and **(12)** whether before or after the **Institution** has made a **Claim**, then the **Institution's** right to pursue such **Claim** shall accrue only if the **Insured** fails to pursue such **Claim**.

If the **Insured** fails to make or pursue such **Claim** and it is ultimately determined by the Underwriters that any loss or losses are recoverable under Insuring Agreements (11.3), (11.6) and (12) then payment of said **Claim** by the Underwriters to the **Institution** shall discharge the Underwriters obligation to the **Insured** under this Certificate and reduce any Aggregate Limit of Indemnity remaining available to pay any further loss under this Certificate.

The total liability of the Underwriters for all loss or losses is limited to the Aggregate Limit of Indemnity remaining available pursuant to **5 – CONDITIONS** (16) and (17) irrespective of the total amount of such loss or losses sustained by one or more **Institutions**.

In the event of multiple **Claims** under this Certificate one or more of which affect the interest of an **Institution** and which **Claims** are alleged to or appear to exceed the Aggregate Limit of Indemnity remaining available for the payment of loss under this Certificate then payment of any **Claim** in the sole discretion of the Underwriters may be held in abeyance until the final determination of all such **Claims**. Should the loss or losses recoverable under this Certificate exceed the Aggregate Limit of Indemnity remaining available for the payment of such loss or losses then payment shall be made pro rata up to said remaining Aggregate limit of indemnity to said **Institutions** and the **Insured** according to their respective interests. The right of action specifically granted to an **Institution** under this **5 – CONDITIONS** (14) shall not extend to grant to the **Institution** any right of action or loss under other Insuring Agreements.

(15) **Deductible**

Condition applicable to ALL Parts of this Certificate:

The Underwriters shall be liable hereunder, subject to **5 – CONDITIONS** (16) and (17), only for the amount by which each and every loss exceeds the applicable Deductible stated in **Item 4** or **Item 6** of the Declarations for the Insuring Agreement or subsection of said Insuring Agreement applicable to such loss.

It is agreed that the Deductible stated in **Item 6** for **1 – INSURING AGREEMENTS (1)(1.1)** and (1.2) shall not apply to loss sustained by any Employee Welfare or Pension Benefit Plan covered under **1 – INSURING AGREEMENTS (1)(1.1)** and (1.2) of this Certificate through dishonest acts committed by any **Employee** of any such plan.

In respect to **1 – INSURING AGREEMENTS (13)** and **(14)**, the Deductible amount stated in **Item 6** of the Declarations shall apply separately to each and every **Claim** first made against the **Insured** or **Insured Person** during the **Certificate Period**, but only one deductible amount will ever apply to any one **Claim**. Subject to **5 – CONDITIONS** (16), the Underwriters shall be liable to pay **Damages** or **Defense Expenses** loss with respect to any **Claim** hereunder only for the amount by which such loss with respect to such **Claim** exceeds the applicable Deductible stated in **Item 6** of the Declarations. The Underwriters do not have any obligation to any **Insured** or other person or entity, to pay the Deductible amount on behalf of the **Insured**.

(16) **Aggregate Limit of Indemnity under Parts A and B**

Condition applicable to Parts A and B of this Certificate

Aggregate Limit or Sub-Limit of Indemnity

The Underwriters' total liability for all losses discovered during the **Certificate Period** shown in **Item 2** of the Declarations and including Court Costs and Attorneys Fees is limited to the applicable Aggregate Limit shown in **Item 4** of the Declarations or applicable Sub-Limit of Indemnity shown in **Item 5** of the Declarations irrespective of the total amount of such loss or losses. The sub-limit of any Insuring Agreement(s) is part of and not in addition to the applicable Aggregate Limit of Indemnity and the total liability of the

Underwriters for all losses, including Court Costs and Attorneys Fees, concerning any such Insuring Agreement(s) is limited to the amount of the sub-limit, irrespective of the total amount of the loss or losses.

The applicable Aggregate Limit of Indemnity shall be reduced by the amount of any payment made under this certificate. Upon exhaustion of an Aggregate Limit of Indemnity the Underwriters shall have no further duty:

- (i) to indemnify the **Insured** under any Insuring Agreement(s) of this Certificate subject to that Aggregate Limit of Indemnity for any loss or losses; and/or
- (ii) to indemnify the **Insured** for any court costs and attorneys' fees in connection with such loss or losses or in connection with such Insuring Agreement(s); and/or
- (iii) to continue the defense of the **Insured**, in the event of the Underwriters's election to conduct the defense of any suit or legal proceedings. Upon notice by the Underwriters to the **Insured** that the Aggregate Limit of Indemnity has been exhausted, the **Insured** shall assume all responsibility for its defense at its own cost.

In addition to the applicable Aggregate Limit of Indemnity being reduced, the Sub-Limit of any applicable Insuring Agreement shall be reduced by the amount of any payment made under this Certificate. Upon exhaustion of the Sub-Limit applicable to said Insuring Agreement, the Underwriters shall have no further duty

- (i) to indemnify the **Insured** under said Insuring Agreement of this Certificate for any loss or losses; and/or
- (ii) to indemnify the **Insured** for any court costs and attorneys' fees in connection with such loss or losses or in connection with such Insuring Agreement; and/or
- (iii) to continue the defense of the **Insured** in the event of the Underwriters' election to conduct the defense of any suit or legal proceedings. Upon notice by the Underwriters to the **Insured** that the Sub-Limit has been exhausted, the **Insured** shall assume all responsibility for its defense at its own cost.

If by reason of payments made under this Certificate an Aggregate Limit of Indemnity is reduced to an amount less than the amount stated for any Sub-Limit in **Item 5** of the Declarations of this Certificate then the amount of any such Sub-Limit subject to that Aggregate Limit of Indemnity shall be accordingly reduced so that the total amount available under such Sub-Limit for any loss or losses, including court costs and attorneys' fees, does not exceed the reduced amount remaining available under the Aggregate Limit of Indemnity.

Neither the Aggregate Limit of Indemnity nor any Sub-Limit shall be reinstated in whole or in part by any recovery effected subsequent to any payment made under this certificate.

If a loss is covered under more than one Insuring Agreement, or subsection thereof, the maximum amount payable with respect to such loss shall not exceed the largest amount remaining available under any one applicable Insuring Agreement or subsection thereof.

Single Loss Limit of Indemnity

Subject to the Aggregate Limit of Indemnity, the Underwriters liability for each Single Loss shall not exceed the applicable Single Loss Limit of Indemnity shown in **Item 4** of the Declarations. If a Single Loss is covered under more than one Insuring Agreement or Coverage, the maximum payable shall not exceed the largest applicable Single Loss Limit of Indemnity.

Single Loss Defined

Single Loss means all covered loss, including court costs and attorneys' fees incurred by the Underwriter under **2 – GENERAL AGREEMENTS (1)**, resulting from

- (i) any one act or series of related acts of burglary, robbery or attempt thereat, in which no **Employee** is implicated, or
- (ii) any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether an **Employee** or not) resulting in damage to or destruction or misplacement of **Property**, or
- (iii) all acts or omission other than those specified in (i) and (ii) preceding, caused by any person (whether an **Employee** or not) or in which such person is implicated, or
- (iv) any one casualty or event not specified in (i), (ii) or (iii) preceding.

In the event that a loss of **Property** discovered during the **Certificate Period** set forth in **Item 2** is settled by the Underwriters through the use of a lost instrument certificate or indemnity agreement, such loss to the extent it remains unpaid by the Underwriters shall not reduce the Aggregate Limit of Indemnity or any applicable sub-limit remaining for the payment of any loss or losses. Any payment by Underwriters under such lost instrument certificate or indemnity agreement however, shall be considered to be payment under this certificate and as such part of and not in addition to the Aggregate Limit of Indemnity.

The exhaustion or reduction of the Aggregate Limit of Indemnity or any sub-limit does not effect the Underwriters's obligations in connection with any lost instrument certificate or indemnity agreement issued prior to the exhaustion or reduction of the Aggregate Limit of Indemnity.

Regardless of the number of years this certificate shall continue in force or any subsequent renewals or replacements and the number of premiums which shall be payable or paid, the indemnity of the Underwriter's shall not be cumulative in amounts from year to year or from period to period.

(17) **Aggregate Limit of Indemnity under Parts C and D**

Condition applicable to Parts C and D of this Certificate

The Underwriters' total liability for all **Claims** made during the **Certificate Period** shown in **Item 2** of the Declarations and during any **Extended Reporting Period**, including **Defense Expenses**, is limited to the Aggregate Limit shown in **Item 4(iii)** of the Declarations, irrespective of the total amount of such **Claims**.

The Aggregate Limit of Indemnity shall be reduced by the amount of any payment made under this Certificate. Upon exhaustion of the Aggregate Limit of Indemnity, the Underwriters shall have no further duty:

- (i) to indemnify the **Insured** for any **Claims**; and/or
- (ii) to indemnify the **Insured** for any **Defense Expenses** in connection with such **Claims**; and/or
- (iii) to continue the defense of the **Insured**, in the event of the Underwriters' prior election to conduct the defense of any **Claim**. Upon notice by the Underwriters to the **Insured** that the Aggregate Limit of Indemnity has been exhausted, the **Insured** shall assume all responsibility for its defense at its own cost and shall promptly reimburse to the Underwriters all amounts paid in excess of the aggregate limit.

The Aggregate Limit of Indemnity shall not be re-established in whole or in part by any recovery effected subsequent to any payment made under this Certificate.

Multiple Insureds, Claims and Claimants

The inclusion herein of more than one covered person or entity or the making of **Claims** or the bringing of suits by more than one person or entity shall not operate to increase the Limit of Indemnity under this Certificate. If additional **Claims** are subsequently made against the **Insured** and arise out of the same, related or continuing acts, wrongful conduct, errors or omissions in a **Claim** already made, all such **Claims**, whenever made, shall be considered to be a single **Claim** and such **Claim** shall be deemed first made at the time the earliest **Claim** arising out of such acts, wrongful conduct, errors or omissions was first made or notice of a potential **Claim** arising out of such acts, wrongful conduct, errors or omissions was initially given pursuant to **5 – CONDITIONS (8)**.

(18) **Valuation**

Condition applicable to ALL Parts of this Certificate

(i) **Securities** and Foreign Currencies

The value of any **Securities** or foreign funds or currencies for the loss of which a **Claim** shall be made, be determined by their closing market price or value on the day of the discovery of the loss and if there be no market price or value for the same on that day then the value thereof shall be the value as agreed between the respective parties or in the event of difference as ascertained by arbitration. It is agreed, however, that should such **Securities**, foreign funds or currencies be replaced by the **Insured**, with the approval of the Underwriters, the value thereof then shall be the actual cost of such replacement.

If this Certificate is subject to a Deductible or the Aggregate Limit(s) of Indemnity or the sub-limit remaining available for the payment of any loss or losses is not sufficient in amount to indemnify the **Insured** in full for the loss of **Securities** for which **Claim** is made hereunder, the liability of the Underwriters under this Certificate is limited to the payment for, or the duplication of, so much of such **Securities** as has a value equal to the amount remaining available and collectible under the Certificate.

(ii) **Books of Accounts and Records**

In case of loss of or damage to **Property** consisting of books of account or other similar records used by the **Insured** in the conduct of its business the Underwriters shall be liable under this Certificate only if such books and records are actually reproduced and then for not more than the cost of blank books, blank pages or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such books and other records.

(iii) **Electronic or Photographic Records**

In case of loss of or damage to **Property** consisting of Electronic or Photographic Records the Underwriters shall be liable under this Certificate only if such records are actually reproduced and then for not more than the cost of replacing such records with blank media of the same or similar type plus the cost of labor for the actual transcription or copying of data which shall have been provided by the **Insured** for the reproduction of such records.

(iv) **Electronic Data Processing Media**

In case of loss of, or damage to, **Electronic Data Processing Media** used by the **Insured** in its business, Underwriters shall be liable under this Certificate only if such items are actually reproduced by other **Electronic Data Processing Media** of the same kind or quality and then for not more than the cost of the blank media plus the cost of labor for the actual transcription or copying of data which shall have

been furnished by the **Insured** in order to reproduce such **Electronic Data Processing Media**, subject, of course, to the applicable Limit of Indemnity.

(v) **Electronic Data**

In case of loss of **Electronic Data** Underwriters shall be liable under this Certificate only if such data is actually reproduced by other **Electronic Data** of the same kind or quality and then for not more than the cost of labor for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such **Electronic Data** subject, of course, to the applicable Limit of Indemnity.

(vi) Indemnification to **Investor**

In the event that the **Insured** is required to repurchase a **Real Estate Loan** as the result of a loss covered under **1 – INSURING AGREEMENTS (5)** Underwriters shall be liable under this Certificate only for an amount which does not exceed the outstanding principal balance of said **Real Estate Loan**.

In the event that the **Insured** is required to indemnify an **Investor** as the result of a loss covered under **1 – INSURING AGREEMENTS (5)** Underwriters shall be liable under this Certificate only for an amount which does not exceed the outstanding principal balance of said **Real Estate Loan**.

(19) **Lost Instruments or Real Estate Documents**

Condition applicable to Part A of this Certificate

In the event of a **Claim** in respect of a loss covered under the Certificate of an instrument or **Real Estate Document**, the **Insured** shall, subject to the conditions stated below, first attempt to secure the replacement of the lost instrument or **Real Estate Document** by use of a letter of indemnity issued by it. In the event that it is unable to secure the replacement of a lost **Real Estate Document** by a letter of indemnity the **Insured** shall attempt to replace the lost **Real Estate Document** in accordance with the coverage for replacement expenses under **1 – INSURING AGREEMENTS (9)**. If the **Insured** is unable to replace said lost instrument or **Real Estate Document**, the **Insured** shall, subject to the Underwriters prior consent being obtained, secure a lost instrument bond for the purpose of obtaining the issuance of a duplicate instrument or **Real Estate Document**.

It is further agreed that Underwriters will indemnify the **Insured** for such sum or sums, in excess of the applicable Deductible as stated in **Item 6** of the Declarations, not exceeding the amount of the Aggregate Limit of Indemnity stated in **Item 4(i)** of the Declarations, or any applicable sub-limit thereof with respect to such loss, remaining available for the payment of any loss at the time of the execution by the **Insured** of a letter of indemnity or the securing of the lost instrument bond which the **Insured** may be required to pay either during the **Certificate Period** or any time thereafter by reason of any indemnifying agreement executed by the **Insured** or delivered by the **Insured** to the company issuing the lost instrument bond.

It is further agreed that the **Insured** shall bear for its own account the cost of obtaining such indemnity agreement or lost instrument bond for that portion of the loss which falls within the applicable Deductible as stated in **Item 6** of the Declarations or which is in excess of the Aggregate Limit of Indemnity remaining available for the payment of said loss or in excess of any applicable sub-limit remaining available for the payment of said loss. The Underwriters shall bear for their own account the cost of obtaining such indemnity agreement or lost instrument bond for that loss which would be covered and which exceeds that Deductible and is within the Aggregate Limit of Indemnity or applicable sub-limit remaining available for the payment of any loss.

(20) **Action Against Service Bureau or Other Mortgage Banker, Etc.**

Condition applicable to Part A of this Certificate

This Certificate does not afford coverage in favor of any **Service Bureau** or other mortgage banker or financial institution as aforesaid, and upon payment to the **Insured** by the Underwriters on account of any loss through fraudulent or dishonest acts committed by any of the partners, directors, officers or **Employees** of such **Service Bureau** or other mortgage banker or financial institution whether acting alone or in collusion with others, an assignment of such of the **Insured's** rights and causes of action as they may have against such **Service Bureau** or other mortgage banker or financial institution by reason of such acts so committed shall, to the extent of such payment, be given by the **Insured** to the Underwriters, or to one of the Underwriters designated by Underwriters, and the **Insured** shall execute all papers necessary to secure to the Underwriters, or to one of the Underwriters designated by Underwriters, the rights herein provided for.

(21) **Bankruptcy**

Condition applicable to ALL Parts of this Certificate

(i) If a petition is filed involuntarily or voluntarily pursuant to Title 11 of the United States Bankruptcy Code during the **Certificate Period**, then this Certificate shall terminate in its entirety thirty (30) days after the filing of such petition.

(ii) The Underwriters shall on request refund the unearned premium computed at short rate.

(iii) Upon written notice to the Underwriters within said thirty (30) days and the payment of an additional premium which is calculated at sixty percent (60%) of the full annual expiring premium, the **Insured** may elect to avail itself of an additional period not to exceed ninety (90) days from the effective date of such termination within which to

(a) discover loss sustained by the **Insured**, or

(b) receive notice of any **Claim** made against the **Insured** on account of acts, errors, or negligent omissions or **Theft**, or

(c) receive notice of any **Claims** made or suit or legal proceeding brought against any present or former director, officer or partner

but only in respect of:

(a) a loss sustained, or

(b) an error, negligent omission or **Theft** taking place, or

(c) wrongful conduct committed

subsequent to the **Retroactive Date** and prior to the date upon which such termination of the Certificate becomes effective.

(iv) Such additional period of time for the discovery of losses or the receiving of notice of **Claims** made shall terminate immediately on the effective date of any other insurance obtained by the **Insured**, its successor in business or any other party, replacing in whole or in part the coverage afforded by this Certificate, whether or not such other insurance provides coverage for loss sustained prior to its effective date. In the event that such additional period of time is so terminated, earned

premium for the expired time shall be computed pro rata and the Underwriters shall return any unearned premium.

- (v) Such additional period of time for the discovery of losses or the receiving of notice of **Claims** made against the **Insured** shall not increase the Aggregate Limit of Indemnity under either **Item 4**(i) or (ii) or (iii) of the Declarations remaining available for the payment of losses.

(22) **Discovery Option Period**

Condition applicable to ALL Parts of this Certificate

If the Underwriters shall terminate this Certificate in its entirety pursuant to **5 – CONDITIONS** (23)(i)(a) or if the Underwriters fail to offer any renewal terms prior to the expiration date stated in **Item 2** of the Declarations then at any time prior to the effective date of such termination or the date of such expiration of the Certificate the **Insured**, upon written notice to the Underwriters and the payment of an additional premium which calculated at sixty percent (60%) of the full annual expiring premium, may elect to avail itself of an additional period not to exceed ninety (90) days from the effective date of such termination or the date of such expiration of the Certificate within which to:

- (i) discover loss sustained by the **Insured**, or
- (ii) receive notice of any **Claim** made against the **Insured** on account of acts, errors, or negligent omissions or **Theft**, or
- (iii) receive notice of any **Claims** made or suit or legal proceeding brought against any present or former director, officer or partner

but only in respect of

- (i) a loss sustained, or
- (ii) an error, negligent omission or **Theft** taking place, or
- (iii) wrongful conduct committed

subsequent to the **Retroactive Date** and prior to the date on which such termination or such expiration of the Certificate became effective.

Such additional period of time for the discovery of losses or the receiving of notice of **Claims** shall terminate immediately:

- (i) on the effective date of any other insurance obtained by the **Insured**, its successor in business or any other party, replacing in whole or in part the coverage afforded by this Certificate, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (ii) upon the appointment of a receiver, liquidator, conservator or rehabilitator or any similar person acting or appointed for this purpose or upon the taking over of the **Insured** by another institution or by state or federal officials,

without the necessity of the Underwriters giving notice of such termination.

In the event that such additional period of time is so terminated, earned premium for the expired time shall be computed pro rata and the Underwriters shall refund any unearned premium.

The right to elect such additional period of time may not be exercised by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed to take over the **Insured's** business for the operation of the liquidation thereof or for any other purpose.

Such additional period of time for the discovery of losses or the receiving of notice of **Claims** made against the **Insured** shall not increase the Aggregate Limit of indemnity under either **Item 4**(i) or (ii) or (iii) of the Declarations remaining available for the payment of losses.

(23) **Termination**

Condition applicable to ALL Parts of this Certificate

(i) This Certificate shall terminate as an entirety upon the earliest occurrence of any of the following:

- (a) thirty (30) days after the receipt by the **Insured** of a written notice from the Underwriters of their decision to terminate this Certificate, or
- (b) immediately upon the receipt by the Underwriters of a written notice from the **Insured** of its decision to terminate this Certificate, provided however that as to:
 - (1) **1 – INSURING AGREEMENTS (5)**(5.2), **(11)**(11.1), (11.2), (11.3), (11.4), (11.5), (11.6)(ii) and **(12)**,
 - (2) an **Investor's** interest in real property covered under **1 – INSURING AGREEMENTS (11)**(11.1), and
 - (3) **Claims** first made against the **Insured** by an **Investor** covered under **1 – INSURING AGREEMENTS (11)**(11.4), coverage shall terminate twenty one (21) days after receipt of said notice. Such additional period of time shall not increase the Aggregate Limit of Indemnity under **Item 4**(i), 4(ii) or 4(iii) of the Declarations; or
- (c) immediately upon the appointment of a receiver, liquidator, conservator or rehabilitator or any similar official for, or with respect to the **Insured**; or
- (d) immediately upon the taking over of the **Insured** by another institution or by State or Federal officials, or
- (e) immediately upon exhaustion of the Aggregate Limits of Indemnity stated in **Item 4** of the Declarations; or
- (f) at 12:01 am on the expiration date stated in **Item 2** of the Declarations; or
- (g) immediately with effect from inception upon failure to pay the premium within thirty (30) days of inception of the Certificate.

In the event of termination the Underwriters shall on request, refund to the **Insured** the unearned premium, computed as follows:

- (1) termination as stated in (a) return premium computed at pro rata; or
 - (2) termination as stated in (b), (c) or (d) - return premium computed at short rate.
- (ii) This Certificate shall terminate as to any **Employee** or any partner, **Sole Proprietor, Major Shareholder** or director, or any **Attorney**, fifteen (15) days after the receipt by the **Insured** of a written notice from the Underwriters of their desire to terminate this Certificate as to such person.

- (iii) This Certificate shall terminate as to any **Employee** or any partner, director, **Sole Proprietor** or **Major Shareholder** of the **Insured** or any **Attorney**, or any partner, officer or **Employee** of any data processor as soon as any partner, **Major Shareholder**, **Sole Proprietor**, director or officer, not in collusion therewith, shall learn of any dishonest or fraudulent act committed by such person at any time against the **Insured** or any other person.
- (iv) This Certificate shall terminate as to Part A upon exhaustion of the Aggregate limit of Indemnity stated in **Item 4(i)** of the Declarations and the premium shall be deemed to be fully earned
- (v) Termination of the Certificate as the result of the exhaustion of the Aggregate Limit of Indemnity stated in **Item 4(i)** of the Declarations terminates liability for any loss under Part A regardless of when sustained, when discovered or when a **Claim** is made, and for payment of any court costs and attorneys' fees or for the continued defense of the **Insured**.
- (vi) This Certificate shall terminate as to Part B upon exhaustion of the Aggregate Limit of Indemnity stated in **Item 4(ii)** of the Declarations and the premium shall be deemed fully earned.
- (vii) Termination of this Certificate as the result of exhaustion of the Aggregate Limit of Indemnity stated in **Item 4(ii)** of the Declarations terminates liability for any loss under Part B regardless of when sustained, when discovered or when a **Claim** is made, and for payment of any court costs and attorneys fees or for the continued defense of the **Insured**.
- (viii) This Certificate shall terminate as to Parts C and D upon exhaustion of the Aggregate Limit of Indemnity stated in **Item 4(iii)** of the Declarations and the premium shall be deemed fully earned.
- (ix) Termination of this Certificate as the result of exhaustion of the Aggregate Limit of Indemnity stated in **Item 4(iii)** of the Declarations terminates liability for any loss under Parts C and D regardless of when sustained, when discovered or when a **Claim** is made, and for payment of any court costs and attorneys fees or for the continued defense of the **Insured**.
- (x) If, prior to the termination of this Certificate in its entirety, this Certificate is terminated as to any **Insured**, there shall be no liability for any loss concerning such **Insured** unless written notice regarding such loss is given to the Underwriters before the time such termination as to such **Insured** becomes effective.

(24) **Non-Cumulative Cover**

Condition applicable to ALL Parts of this Certificate

Regardless of the number of years this Certificate or any succeeding Certificate of like nature with the Underwriters shall continue in force and in number of premiums which shall be payable or paid, the liability of the Underwriters shall not be cumulative in amounts from year to year or from period to period.

(25) **Service of Suit**

Condition applicable to ALL Parts of this Certificate

It is agreed that in the event of the failure of the Underwriters to pay any amount claimed to be due hereunder, the Underwriters, at the request of the **Insured**, will submit to the jurisdiction of a Court a competent jurisdiction within the United States. Nothing herein shall constitute or should be understood to constitute a waiver of the Underwriters' rights to

commence an action in any Court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon the persons named in **Item 8** of the Declarations, and that in any suit instituted against any one of them upon this Certificate, the Underwriters will abide by the final decision of such Court or any Appellate Court in the event of an appeal.

The firm named in **Item 8** of the Declarations is authorized and directed to accept service of process on behalf of the Underwriters in any such suit and/or upon the request of the **Insured** to give a written undertaking to the **Insured** that they will enter a general appearance upon the Underwriters' behalf in the event that such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by the **Insured** and hereby designate the firm named in **Item 8** of the Declarations as the persons to whom the said officer to mail such process or a true copy thereof

(26) **Loss Payee**

Condition applicable to ALL Parts of this Certificate

- (i) At the written request of the named **Insured**, any payment in satisfaction of loss covered by said certificate in which Fannie Mae, Ginnie Mae, Freddie Mac and HUD has an interest shall be paid by an instrument issued to that organization and the named **Insured** as joint loss-payees, subject to the following conditions and limitations:
 - (a) The attached certificate is for the sole use and benefit of the named **Insured** as expressed herein. The organization named above shall not be considered as an **Insured** under the certificate, nor shall it otherwise have any rights or benefits under said certificate.
 - (b) Notwithstanding any payment made under the terms of this rider or the execution of more than one of such similar rider, the amount paid for any one loss occurrence or otherwise in accordance with the terms of this certificate shall not exceed the limits of liability as set forth in the Declarations Page.
 - (c) Nothing herein is intended to alter the terms, conditions and limitations of the certificate.
- (ii) Should this certificate be canceled, reduced, non-renewed or restrictively modified by the Underwriters, the Underwriters will endeavor to give thirty (30) days advance notice to the organization named above, but failure to do so shall not impair or delay the effectiveness of any such cancellation, reduction, non-renewal or restrictive modification, nor shall the Underwriters be held liable in any way.
- (iii) Should this certificate be canceled or reduced at the request of the **Insured**, the Underwriters will endeavor to notify the organization named above of such cancellation or reduction within 10 business days after receipt of such request, but failure to do so shall not impair or delay the effectiveness of such cancellation or reduction, nor shall the Underwriters be held liable in any way.

Loss Sustained Rider

It is hereby understood and agreed that the certificate is amended as follows:

- a) This Certificate covers only loss(es) sustained by the Assured on or after the retroactive date stated below, and prior to the termination or cancellation of this Certificate provided, however, that such loss is discovered during the period that this Certificate is in force.
- b) This Certificate excludes any loss(es) arising out of or in any way involving any act, error, omission, transaction, casualty or event, occurring or allegedly occurring, prior to the retroactive date stated below.

Retroactive date: <<MA_INFO1.U1044PC12>>

All other terms, insuring agreements, definitions, exclusions, limitations, conditions and endorsements of the attached certificate remain unchanged

War and Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

08/10/01
NMA2918

Radioactive Contamination and Explosive Nuclear Assemblies Exclusion Clause

(Approved by Lloyd's Underwriters' Non-Marine Association)

This Policy does not cover

- (a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- (b) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from

- (i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

4/4/68

NMA1622

Radioactive Contamination Exclusion Clause-Liability-Direct (U.S.A.)

For attachment (in addition to the appropriate Nuclear Incident Exclusion Clause-Liability-Direct) to liability insurances affording worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64
NMA1477

Nuclear Incident Exclusion Clause-Liability-Direct (Broad) (U.S.A.)

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This Policy* does not apply:

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction:
 - (a) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if:
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.
- IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the

meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means:

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

* NOTE: As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

17/3/60
NMA1256

Asbestos Exclusion

This Certificate does not cover any loss, cost or expense directly or indirectly arising out of, resulting as a consequence of, or related to the manufacture, mining, processing, distribution, testing, remediation, removal, storage, disposal, sale, use of or exposure to asbestos or materials or products containing asbestos whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

Toxic Mould Exclusion

- A. Excluding all loss, cost or expense directly or indirectly arising out of, resulting from or in any way related to Fungi whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.
- B. "Fungi" as utilised herein, shall mean any fungus or mycota or any byproduct or type or infestation produced by such fungus or mycota, including but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.

Premium Payment Clause

The (Re)Insured undertakes that premium will be paid in full to Underwriters within 45 days of inception of this policy (or, in respect of instalment premiums, when due).

If the premium due under this policy has not been so paid to Underwriters by the 45th day from the inception of this policy (and, in respect of instalment premiums, by the date they are due) Underwriters shall have the right to cancel this policy by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk but the full policy premium shall be payable to Underwriters in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this policy.

It is agreed that Underwriters shall give not less than 15 days prior notice of cancellation to the (Re)Insured via the broker. If premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the policy shall automatically terminate at the end of the notice period.

Unless otherwise agreed, the Leading Underwriter (and Agreement Parties if appropriate) are authorised to exercise rights under this clause on their own behalf and on behalf of all Underwriters participating in this contract.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

Where the premium is to be paid through a London Market Bureau, payment to Underwriters will be deemed to occur on the day of delivery of a premium advice note to the Bureau.

11/01
LSW3000

**U.S. Terrorism Risk Insurance Act of 2002 as amended
Not Purchased Clause**

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5092
21/12/2007

Form approved by Lloyd's Market Association

Several Liability Notice

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

08/94
LSW1001 (Insurance)