



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

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

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

1. The reference in **Section I.D.4 Renewal** to "thirty (30) days notice" is hereby deleted and replaced with "sixty (60) days' notice."
2. **Section I.E.4 Certificate Cancellation by Company** is hereby deleted and replaced in its entirety with the following language:
 4. Certificate Cancellation by Company.
 - (a) Subject to Section I(F) (Representations of the Insured), Section I(G) (Company's Remedies for Misrepresentation) and Section I(H) (Limitation on Rescission, Claim Denial and Certificate Cancellation), the Company shall have the right, at its option and to the extent permitted by Applicable Law, and without limitation or waiver of any other rights or remedies available to the Company at law or in equity, to issue a Certificate Cancellation with respect to the related Loan if the Company reasonably demonstrates that any of the Insured's representations made with respect to such Loan were inaccurate at the time they were made and said inaccuracy was Material or if coverage has lapsed under Section I(D)(5) (Lapse) or if the Insured has otherwise significantly breached any of its obligations hereunder in connection with such Loan or related Certificate.
 - (b) A Certificate Cancellation issued under this Section I(E)(4) shall be initiated by written notice to the Insured by the Company within thirty (30) days after the Company determines to issue such Certificate Cancellation. The written notice of Certificate Cancellation shall be mailed or delivered to the Insured at least twenty (20) days before the effective date of such Certificate Cancellation and shall be accompanied by a statement specifying the reason for such Certificate Cancellation. In the event a Certificate Cancellation is issued by the Company under this Section I(E)(4), the Company shall return to the Insured or its Servicer all related premium for the time period after the occurrence of the event giving rise to the right of cancellation.
3. **Section I. E.5 Cancellation of Master Policy** is hereby deleted and replaced in its entirety with the following language:
 5. Cancellation of Master Policy.

(a) Cancellation of the Policy by the Company

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

Further to the terms of this Section I.E.5 (a) of the Policy and subject to the provisions above that the Company shall not cancel the Policy for any reason while any Certificate issued under the Policy remains in force, the State of South Dakota, pursuant to SDCL 58-33-61, requires that after sixty days from the effective date of issuance of the Policy, the Company may not cancel the Policy unless it is based on one of the following reasons:

- 1) Nonpayment of premium;
- 2) Discovery of fraud or material misrepresentation made by or with the knowledge of the Insured in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- 3) Discovery of acts or omissions on the part of the Insured which increase any hazard insured against;
- 4) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued;
- 5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
- 6) A determination by the director of the South Dakota Division of Insurance ("Director") that the continuation of the Policy would jeopardize the Company's solvency or would place the Company in violation of the insurance laws of the State of South Dakota;
- 7) Violation or breach by the Insured of any Policy terms or conditions; or
- 8) Such other reasons as are approved by the Director.

(b) Cancellation of the Policy by the Insured

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

4. **Section VI. F. Arbitration** is hereby deleted and replaced in its entirety with the following language (marked to show deletions):

Unless prohibited by applicable law, any controversy or dispute, including any Claim made hereunder, arising out of or relating to this Policy, or the breach, interpretation or construction thereof, may, upon the mutual consent of all parties to the dispute, be settled by arbitration in accordance with the rules of the American Arbitration Association deemed most appropriate by such association, or

other such rules as are mutually agreed to by all parties to the dispute, with each party to the dispute paying their own costs and for common costs for the arbitration to be shared equally. For the avoidance of doubt, no provision of this Policy shall be construed to require any Third-Party Beneficiary that is a GSE to submit to arbitration hereunder, and any decision rendered by an arbitrator relating to this Policy shall have no applicability to or be of any force or effect against any Third-Party Beneficiary that is a GSE unless the GSE consented in writing to the arbitration.

5. **Sections VI. G. 1 and 2 Suit; Limitation of Actions** are hereby deleted and replaced in their entirety with the following language:

1. Except as provided in Section VI.G.2 regarding suits or actions regarding disputes related to Certificates for which Rescissions, Claim Denials, or Certificate Cancellations have been issued, no suit or action under this Policy shall be brought or sustained in any court of law or equity or by arbitration unless such suit or action is commenced within six years, or such longer period of time as may be permitted by Applicable Law, after the Insured or Third-Party Beneficiary has acquired Borrower's Title to the Property or the sale of the Property approved by the Company is completed, whichever is later. Each party to this Policy shall bear its own costs and expenses for any litigation or arbitration related to the Policy.
2. Any suit or action regarding a dispute related to a Certificate for which a Rescission, Claim Denial, or Certificate Cancellation has been issued must be commenced within six years of the date of such Rescission, Claim Denial or Certificate Cancellation or such longer period of time as may be permitted by Applicable Law, whichever is later.

This endorsement shall vary, alter, waive or extend any terms, conditions, provisions, agreements or limitations of the above referenced Policy only as noted above.

NATIONAL MORTGAGE INSURANCE CORPORATION

PRINCIPAL OFFICER

SECRETARY