
Clarity of Coverage[®] Endorsement to Mortgage Guaranty Insurance Master Policy, EGI-1005.001 (03/20)

This *Clarity of Coverage*[®] Endorsement ("Endorsement") applies to a loan only if the related Certificate is issued on or after the effective date of this Endorsement.

The Policy is amended as follows:

1 THE DEFINITION OF VALUATION DEFECT IS REMOVED AND REPLACED WITH THE FOLLOWING:

"Valuation Defect" means (i) a percentage variance of 15% or more between the Original Value and the opinion of market value for the subject Property as determined by a licensed appraiser in an appraisal report prepared at our request as of the date of the Original Value in compliance with industry standard appraisal practices, (ii) the loan-to-value ratio calculated as of the Certificate Effective Date using the retrospective value did not meet our Underwriting Guidelines applicable to the loan, and (iii) Credible Evidence that the appraiser manipulated or inappropriately utilized information in producing the appraisal that established the Original Value (e.g., if the sales history of the subject Property or its relation to comparable properties is misrepresented). The percentage variance is the quotient determined by dividing the difference between the two values by the Original Value, expressed as a percentage. A Valuation Defect is a Significant Defect."

2 SECTION 15 IS AMENDED BY ADDING THE FOLLOWING SUBSECTION:

"f) Alternative Documentation. If you cannot fulfill our requests for documents and other information, we will not deny, cancel or rescind your coverage unless we reasonably determine that your failure to produce such

documents or information has materially prejudiced our ability to conduct a complete, proper and timely review of the loan. Where possible, we may rely on alternative documentation to enable our full review of the loan. As non-exhaustive examples:

- (1) Missing loan instruments may be remedied if the Insured produces a copy of the payment history, provided we are able to verify the original loan amount, note type and interest rate.
- (2) Missing mortgage, deed of trust, or similar instruments may be remedied if the Insured provides public records that allow us to verify the lien details.
- (3) Missing verifications of employment may be remedied if we can re-verify the applicable employer, the employment and salary representations. Missing tax returns may be remedied if the Insured provides an executed, unexpired IRS Form 4506T that allows us to verify that the income was correct.
- (4) Missing banking statements and verifications of deposit may be remedied by re-verifying with the bank that the borrower did have the assets as represented.
- (5) Missing original appraisals may be remedied with an historical or current broker price opinion or appraisal report prepared in compliance with industry standard appraisal

practices or another alternative method that we approve, that can be used to verify the Original Value of the Property (considering market trends), Property type, and status of completion of construction.”

3 **SECTION 23 IS AMENDED BY ADDING THE FOLLOWING SUBSECTION:**

“i) We will only exclude amounts under Section 23 (a-g) when we have been damaged by your failure to comply, as illustrated by the examples we provide in the *Clarity of Servicing* section of our Default and Claims Servicing Guide in effect on the Certificate Effective Date.”

4 **SECTION 35(a) IS AMENDED BY ADDING THE FOLLOWING:**

“We will not consider any finding from any of the following investigative practices to be sufficient, by itself, to constitute Credible Evidence:

(i) That average salary information, such as is available from various vendors, is less than the verified income used to qualify the borrower; and

(ii) That information submitted to a bankruptcy court by the borrower refutes asset and liability representations made by the borrower on the loan application.

5 **SECTION 47 IS AMENDED BY ADDING THE FOLLOWING:**

“Notwithstanding the notification provisions of Section 47 of the Policy, we will only require self-reporting upon request.”

All conditions of the Policy not modified by this Endorsement remain in full force and effect for all loans insured under the Policy.

ESSENT GUARANTY, INC.

Mark A. Casale,
President



Mary Lourdes Gibbons,
Secretary



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State Variations Endorsement

This endorsement amends Essent Guaranty, Inc.'s Mortgage Guaranty Insurance Master Policy form #EGI-1005.001 (03/20) ("Master Policy") as set forth below. If, on the effective date of this Policy, the initial Insured's principal place of business is located in one of the jurisdictions listed below, the provisions listed below identified for such jurisdiction shall apply.

I. **Alaska**

- a. The definition of "Claim Settlement Period" is modified to read as follows:

"Claim Settlement Period" means the 30 days following the Perfected Claim Date, except as described in Sections 67(e), 74(b) and 77(a) of this Policy."

- b. Section 5(a) is deleted and restated in its entirety to read as follows:

"This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Alaska, without regard to conflict-of-law principles therein or to the location of the Property."

- c. Section 7(a) is modified by adding the following:

"Except as otherwise specified in this Policy, all notices to the Insured or Third-Party Beneficiary shall be given to the Servicer, and shall be either (1) mailed by first class mail to the last known address of the Insured and obtain a certificate of mailing from the United States Postal Service: or (2) transmitted by electronic means, to the last known electronic address of the intended recipient, if the Company can obtain an electronic confirmation of receipt by the intended recipient."

- d. Section 16(c) is modified to read as follows:

"If we rescind coverage under a Certificate, the rescission notice will be effective 60 days after we give notice, or 10 days after we give notice if our decision to rescind relates to a Single Loan Fraud (other than by the Borrower), and in either case we will refund all premium paid on the Certificate in accordance with our Servicing Guide. Our right to rescind coverage under a Certificate is subject to the provisions of Section 17."

- e. Section 65 is modified to read as follows:

"If you do not file a Claim by the deadline stated in Section 64, we are not obligated to include in the Claim Amount any interest accrued or Advances you paid after the deadline passed. If the

Claim is submitted more than 120 days after the expiration of the deadline stated in Section 64, then we may deny the Claim if we are prejudiced by the late submission.”

- f. Section 67(b) is modified to read as follows:

“If we have not received information we requested after 30 days, we will send you a reminder. Further, we will provide the Beneficiary with a copy of such reminder if requested by the Beneficiary. If a Claim is not perfected within 120 days of the Claim filing date, unless we and the Beneficiary have agreed to an extension or an extension is required by applicable law or an extension is expressly provided for under the terms of this Policy in Sections 67(d), 68(a) or 68(b), we will deny the Claim on that basis if we are prejudiced by such delay.”

- g. Section 85(a) is modified to read as follows:

“The Servicer or Beneficiary will be entitled to submit a supplemental Claim for allowable Advances actually paid by the Servicer or Beneficiary if such Advances were (1) incurred prior to the date the initial Claim was submitted, but not included in the initial Claim or (2) incurred after the date the initial Claim was submitted and during any period for which accrued and unpaid interest would be included pursuant to the applicable Claim settlement option as described in Section 71(b), or as described in our Servicing Guide. Nothing herein will be deemed to entitle the Servicer or Beneficiary to seek a supplemental or additional payment of anything other than such Advances. If the supplemental Claim for Advances and all required documentation related thereto are submitted within 90 days after payment of an Insurance Benefit, we will pay any amounts due within 30 days of our receipt of a true and complete supplemental Claim. If the Insurance Benefit is calculated pursuant to the Percentage Option, the Percentage Option will also be used to calculate the amount of any benefit payable under the supplemental Claim. No exclusion or deduction that reduced the Claim Amount or Insurance Benefit paid on the initial Claim shall be included in any supplemental Claim.”

- h. Section 93 is deleted in its entirety.

- i. Section 94 is hereby modified to add the following:

“Alaska: The 2-year period described in Section 94 is extended to three (3) years.”

2. Alabama

Section 94 is hereby modified to add the following:

“Alabama: The 2-year period described in Section 94 is replaced with the timeframe required by Alabama law.”

3. Arkansas

- a. Section 93 is deleted in its entirety.

- b. Section 94 is deleted in its entirety and restated to read as follows:

- "a. Any dispute or legal action, brought by or on behalf of the Insured, Servicer, or Beneficiary arising out of this Policy must be commenced within the time allowed by law after the right to bring the claim, dispute, or any other legal action starts to accrue. Such right in connection with any Claim, coverage dispute, or Insurance Benefit starts to accrue upon the earlier of the following: (i) our rescission or cancellation of coverage under a Certificate; (ii) the Insured's acquisition of title to the Property; (iii) the closing of a Third-Party Sale; (iv) our denial of a Claim; or (v) our payment of any Insurance Benefit. Such right in connection with any event that is unrelated to any Claim, coverage dispute, or Insurance Benefit starts to accrue at the time that the event that caused an alleged liability is deemed to have occurred. Any dispute or legal action arising out of this Policy commencing after such limitation of actions period will be barred as untimely.
- b. However, you cannot initiate any legal action related to a Claim until the Claim Settlement Period has ended, unless the action is related to a rescission of coverage.
- c. In the case of rescission, cancellation of coverage, denial of a Claim, or a reduction of the Claim Amount or the Insurance Benefit, the applicable limitations period will begin on the date on which we give notice of such action."

4. Connecticut

Section 3(a) is modified to read as follows:

"This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured or by us for any reason or no reason upon 10 days' prior notice if cancelled by the initial Insured, and upon 60 days' prior notice if cancelled by us, or as otherwise required by applicable law. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid."

5. District of Columbia

Section 93 is deleted in its entirety

6. Georgia

- a. Section 3(a) is deleted in its entirety and restated to read as follows:

"This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured at any time for any reason or no reason, or by us for any reason or no reason upon 45 days' prior notice, or as otherwise required by applicable law. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid."

- b. Section 5(a) is deleted in its entirety and restated to read as follows:

"This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Georgia, without regard to conflict-of-law principles therein or to the location of the Property."

- c. Section 5(c) is deleted in its entirety.
- d. Section 93 is deleted in its entirety.

7. Illinois

- a. Section 3(a) is modified to read as follows:

“This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured for any reason or no reason upon 10 days’ prior notice or by us upon not less than 60 days’ prior notice and in accordance with the provisions of 215 ILCS 5/143.16, 215 ILCS 5/143.16a. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid.”

- b. Section 5(a) is modified to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of Illinois, without regard to conflict-of-law principles or to the location of the Property.”

- c. Section 94 is modified to add the following:

“Illinois: The 2-year period described in Section 94 is extended by the number of days between the date the Claim is filed and the date the Claim is denied in whole or in part.”

- d. The following statement is added to the Policy: “The bankruptcy or insolvency of the Insured or the Insured’s estate shall not relieve of us of our obligations hereunder.”
- e. Illinois Notice: Should any complaint arise regarding this insurance, the Insured may contact the Company’s Chief Compliance Officer, Two Radnor Corporate Center, 100 Matsonford Road, Radnor, PA 19087. Part 919 of the Rules of the Illinois Department of Insurance requires that our company advise you that, if you wish to take this matter up with the Illinois Department of Insurance, it maintains a Consumer Division in Chicago at 122 S. Michigan Ave., Chicago, Illinois 60603 and in Springfield at 320 West Washington Street, Springfield, Illinois 62767. You may also contact the Department via their website at <http://insurance.illinois.gov> or by phone at 312-814-2420 or 217-782-4515.

8. Kansas

- a. Section 3(a) is modified to read as follows:

“This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured for any reason or no reason upon 10 days’ prior notice or by us upon not less than 30 days’ prior notice and in accordance with the provisions of the Kansas Insurance Code, Section 40-2, 120. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid.”

- b. Section 5(a) is modified to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Kansas, without regard to conflict-of-law principles or to the location of the Property.”

- c. Section 94 is hereby modified to add the following:

“Kansas: The 2-year period described in Section 94 is extended to five (5) years.”

9. **Maine**

Section 3 (a) is deleted in its entirety and restated to read as follows:

“This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured or by us for any reason or no reason upon 10 days’ prior notice or as otherwise required by applicable law. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid.”

Further to the terms of this Section 3(a) of the Policy, the State of Maine, pursuant to Title 24–A M.R.S. § 2908(2), requires the following list of reasons to which a Policy may be cancelled to be stated in the Policy:

- i. Nonpayment of Premium;
- ii. Fraud or material misrepresentation made by or with the knowledge of the named Insured in obtaining the Policy, continuing the Policy or in presenting a Claim under the Policy;
- iii. Substantial change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure as a result of rules, legislation or court decision;
- iv. Failure to comply with reasonable loss control recommendations;
- v. Substantial breach of contractual duties, conditions or warranties.

Notwithstanding the forgoing, the Policy will only be cancelled by us pursuant to Section 3(a) and other terms and conditions of the Policy.”

10. **Maryland**

- a. Section 3(a) is modified to read as follows:

“This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured for any reason or no reason upon 10 days’ prior notice or by us for any reason or no reason upon 45 days’ prior notice, or as otherwise required by applicable law. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid.”

- b. Section 94 is hereby modified to add the following:

“Maryland: The 2-year period described in Section 94 is extended to three (3) years.”

11. Michigan

This Policy is exempt from the filing requirements of Section 2236 of the Insurance Code of 1956, 1956 PA 218, MCL 500.2236.

12. Mississippi

Section 94 is hereby modified to add the following:

“Mississippi: The 2-year period described in Section 94 is extended to three (3) years.”

13. Missouri

- a. Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Missouri, without regard to conflict-of-law principles or to the location of the Property.”

- b. Section 65 is modified to read as follows:

“If you do not file a Claim by the deadline stated in Section 64, we are not obligated to include in the Claim Amount any interest accrued or Advances you paid after the deadline passed. If the Claim is submitted more than 120 days after the expiration of the deadline stated in Section 64, then we may deny the Claim if we are prejudiced by the late submission.”

- c. Section 93 is deleted in its entirety.

- d. Section 94 is hereby modified to add the following:

“Missouri: The 2-year period described in Section 94 is extended to ten (10) years.”

14. Montana

- a. Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Montana, without regard to conflict-of-law principles therein or to the location of the Property.”

- b. Section 5(c) is deleted in its entirety.

- c. Section 93 is deleted in its entirety.

15. New York

Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of New York, without regard to conflict-of-law principles or to the location of the Property.”

16. North Carolina

a. Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of North Carolina, without regard to conflict-of-law principles or to the location of the Property.”

b. Section 94 is hereby modified to add the following:

“North Carolina: The 2-year period described in Section 94 is extended to three (3) years.”

17. North Dakota

a. Section 3(a) is deleted in its entirety and restated to read as follows:

“This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured for any reason or no reason upon 10 days’ prior notice, or by us upon not less than 30 days’ prior notice for the following reasons:

- i) nonpayment of premium; or
- ii) misrepresentation or fraud made by or with the knowledge of the Insured in obtaining coverage or in pursuing a Claim under this Policy; or
- iii) actions by the Insured that have substantially increased or substantially changed the risk insured; or
- iv) refusal of the Insured to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed; or
- v) substantial change in the risk assumed, except to the extent that we should reasonably have foreseen that change or contemplated the risk in writing the contract; or
- vi) a determination by the insurance commissioner that the continuation of the coverage could place us in violation of the insurance laws of North Dakota.

Any cancellation notice from us will include a specific explanation of the reason for cancellation.

If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid.”

b. Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of North Dakota, without regard to conflict-of-law principles or to the location of the Property.”

18. Oklahoma

- a. WARNING: any person who knowingly, and with the intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
- b. Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Oklahoma, without regard to conflict-of-law principles or to the location of the Property.”
- c. Section 93 is deleted in its entirety.

19. Oregon

- a. Section 5(a) is deleted in its entirety and restated to read as follows:

“This Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Oregon, without regard to conflict-of-law principles or to the location of the Property.”
- b. Section 5(c) is deleted in its entirety.

20. South Dakota

- a. Section 3(a) is modified to read as follows:

“This Policy applies to all Commitments and Certificates issued under the Policy on or after the effective date of the Policy. This Policy will remain in effect until it is cancelled. This Policy may be cancelled by the initial Insured for any reason or no reason upon 10 days’ prior notice or by us upon not less than 20 days’ prior notice and in accordance with the provisions of the South Dakota Insurance Code, Section 58-33-61. If this Policy is cancelled, the Policy will remain in effect with respect to any Commitment or Certificate issued before cancellation, provided that all required premiums are paid.”
- b. Section 94 is hereby modified to add the following:

“South Dakota: The 2-year period described in Section 94 is extended to six (6) years.”

21. Texas

- a. It is hereby understood and agreed that we may not cancel or refuse to renew this Policy or a Certificate based solely on the fact that the Insured is an elected official.
- b. Section 5(a) is deleted in its entirety and restated to read as follows:

“If the Insurance Benefit is payable to a citizen or inhabitant of Texas, this Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Texas, without regard to conflict-of-law principles or to the location of the Property.”
- c. Section 94 is hereby modified to add the following:

“Texas: The 2-year period described in Section 94 is extended to two (2) years and one (1) day.”

22. Utah

- a. Section 65 is modified to read as follows:

“If you do not file a Claim by the deadline stated in Section 64, we are not obligated to include in the Claim Amount any interest accrued or Advances you paid after the deadline passed. If the Claim is submitted more than 120 days after the expiration of the deadline stated in Section 64, then we may deny the Claim. Notwithstanding the foregoing, your failure to file a Claim within the time period required under this Section will not invalidate such Claim if you show that it was not reasonably possible to file the Claim within the prescribed time and that the Claim was filed as soon as reasonably possible.”

- b. Section 94 is hereby modified to add the following:

“Utah: The 2-year period described in Section 94 is extended to three (3) years.”

23. Virginia

- a. Section 5(a) is deleted in its entirety and restated to read as follows:

“If the Insurance Benefit is payable to a citizen or inhabitant of Virginia, this Policy will be governed, interpreted, and enforced by and in accordance with the laws of the State of Virginia, without regard to conflict-of-law principles or to the location of the Property.”

- b. Section 5(c) is deleted in its entirety.
- c. Section 93 is deleted in its entirety.

All conditions of the Master Policy not modified by this endorsement remain in full force and effect for all Loans insured under the Master Policy.

ESSENT GUARANTY, INC.

Mark A. Casale,
President



Mary Lourdes Gibbons,
Secretary



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ARKANSAS NOTICE

1. The following notice is hereby attached to all Policies issued in the state of Arkansas:

PRODUCERS FOR ESSENT GUARANTY, INC. ("ESSENT") RECEIVE COMPENSATION FROM ESSENT FOR THE PLACEMENT OF INSURANCE. AS REPRESENTATIVES OF ESSENT, THEY ARE AUTHORIZED TO PROVIDE SERVICES TO YOU ON BEHALF OF ESSENT.

2. The information below shall be completed prior to issuance of any Policy issued in the state of Arkansas and attached to all Policies prior to such:

Policyholder Service Office of Company: **ESSENT CLIENT SERVICES**
Address: **101 SOUTH STRATFORD ROAD, WINSTON-SALEM, NC 27104**
Telephone Number: **877-569-6547**
Name of Agent Scott Todd; 501-350-6943 or Jeff Resler; 479-295-4148
Address: 101 South Stratford Rd., Winston Salem, NC 27104

If we at Essent Guaranty, Inc. fail to provide you with reasonable and adequate service, you should feel free to contact the Arkansas Insurance Department.

Policyholders have the right to file a complaint with the Arkansas Insurance Department (AID). You may call AID to request a complaint form at (800) 852-5494 or (501) 371-2640 or write the Department at:

Arkansas Insurance Department
1 Commerce Way, Suite 102
Little Rock, AR 72202