

# EXHIBIT 13





































# EXHIBIT 14

UNITED GUARANTY REINSURANCE AGREEMENT NO. 3-44

REINSURANCE AGREEMENT

This Reinsurance Agreement (the "Agreement") is made and entered into as of January 1, 1997 by and between UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY ("Ceding Company") , a North Carolina corporation, and ATRIUM INSURANCE CORPORATION("Reinsurer"), a New York corporation. Ceding Company and Reinsurer may also hereinafter be referred to collectively as the "Parties" or individually as a "Party."

WITNESSETH:

In consideration of the mutual agreements herein contained, the Parties agree as follows:

1. Definitions:

The following terms in quotation marks, when capitalized, shall have the meanings in this Agreement as set forth below:

1.1 "Approved Originator" shall mean the entity or entities named on Schedule A attached to this Agreement, as Schedule A may be amended from time to time in accordance with Section 2.2.

1.2 "Business Day" shall mean any regularly scheduled work day for employees of the U.S. Government.

1.3 "Ceding Company" shall have the meaning set forth in the Preamble.

1.4 "Claim Payment" shall mean, with respect to a Reinsured Loan, the amount actually paid by Ceding Company to an Insured as required by the applicable Policy.

1.5 "Claims-Related Extra Contractual Obligation" shall mean, with respect to a

Reinsured Loan, any amount for which Ceding Company is liable as a result of a judgment, settlement or arbitration, or otherwise, to an Insured or a third-party claimant, where such liability has arisen because of:

- (a) the failure of Ceding Company to pay a claim within Policy limits, or
- (b) bad faith or negligence (but not willful and wanton misconduct) in investigating or handling a claim or in rejecting an offer of settlement.

Any Claims-Related Extra Contractual Obligation shall be deemed to have been incurred on the same date as the event giving rise to the claim to which such Claims-Related Extra Contractual Obligation is related.

1.6 “Commissioner” shall mean the Commissioner of Insurance of North Carolina and the commissioner of insurance of any other jurisdiction where Ceding Company is licensed to the extent that any such other jurisdiction has, or asserts, jurisdiction over the transactions covered by this Agreement.

1.7 “Contingency Reserve” shall mean the contingency reserve as calculated in accordance with the applicable parts of Title 11 (Department of Insurance) of the North Carolina Administrative Code.

1.8 “Default” shall have the same meaning in this Agreement as that term or an equivalent term has in a Policy.

1.9 “Gross Written Premiums” shall mean, with respect to Reinsured Loans, gross premiums received by Ceding Company, after the effective date of this Agreement, less cancellation and return premiums (returned for whatever reason).

1.10 “Insured” shall have the same meaning in this Agreement as that term or an equivalent term has in a Policy.

1.11 “Loss” shall have the same meaning in this Agreement as that term or an equivalent term has in a Policy. In particular, a Loss shall be deemed to have occurred, or to have been incurred, when a Default occurs, notwithstanding that the amount of the Loss is not then either presently ascertainable or due and payable.

1.12 "Mortgage Guaranty Insurance" shall mean insurance against financial loss by reason of nonpayment of principal, interest and other sums agreed to be paid under the terms of any note, bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting or equivalent to a first lien or charge on

(a) real estate, provided the improvement on such real estate is a residential building or a condominium or manufactured or mobile housing deemed to be real estate or buildings designed for occupancy by not more than four (4) families, or

(b) an ownership interest in, and a proprietary lease from, a corporation or partnership formed for the purpose of the cooperative ownership of real estate.

1.13 "Net Excess Cumulative Liability" shall have the meaning set forth for such term in Section 3.

1.14 "Net Losses" shall mean, with respect to the Reinsured Loans, the ultimate net losses sustained by Ceding Company after the effective date of this Agreement, including, but not limited to,

(a) Claim Payments, and

(b) allocated loss adjustment expenses actually paid by Ceding Company to unaffiliated third parties with respect to Claim Payments, and

(c) any Claims-Related Extra Contractual Obligations

less

(d) any salvage or recovery, whether recovered or received prior or subsequent to settlement under this Agreement, shall be applied as if recovered or received prior to the settlement and shall be first deducted from the actual loss sustained to arrive at the Net Loss.

Salvage or recovery shall not include amounts recoverable by Ceding Company under any other reinsurance agreement and nothing in this Agreement shall be construed to mean losses are not recoverable hereunder until the Net Loss to Ceding Company has been ascertained.

1.15 "Original Risk in Force" shall mean the percentage coverage under the applicable Policy for a Reinsured Loan, multiplied by the initial principal balance of the Reinsured Loan.

1.16 "Party" and "Parties" shall have the meaning set forth in the Preamble.

1.17 "Policy" shall mean any Mortgage Guaranty Insurance policy or master policy, and any certificates issued thereunder and endorsements attached thereto, that provides coverage for an individual loan.

1.18 "Policy Year" shall mean the period from the calendar year January 1 to December 31, except the 1994 policy year which refers to all loans with an effective date of coverage from October 1, 1993 to December 31, 1994.

1.19 "Policy Year Paid Claims Ratio" shall mean that ratio calculated for each Policy Year, expressed as a percentage, obtained by dividing

(a) Cumulative Net Losses for Reinsured Loans with an effective date of coverage under the applicable Policy within the same Policy Year by

(b) Total Original Risk in Force for Reinsured Loans with an effective date of coverage under the applicable Policy within the same Policy Year.

The Policy Year Paid Claims Ratio is a cumulative number, calculated on an inception to date basis whenever calculated.

1.20 "Property" shall have the same meaning in this Agreement as that term or an equivalent term has in a Policy.

1.21 "Quarterly Cycle" shall mean a three (3) month period ending on a March 31, June 30, September 30 or December 31.

1.22 "Reinsurance Claim" shall mean the amount payable by Reinsurer to Ceding Company.

1.23 "Reinsurance Premiums" shall mean i) ten percent (10%) of the Gross Written Premiums from October 1, 1993 through December 31, 1996, ii) nineteen and one tenth percent (19.1%) of Gross Written Premium from January 1, 1997 through December 31, 1997, and iii) twenty five percent (25%) of Gross Written

Premiums from January 1, 1998 and later. For loans effective from October 1, 1993 to November 8, 1995, these percentages shall only apply to renewal premiums received on or after November 9, 1995.

1.24 "Reinsured Loan" shall mean a loan originally insured under a Policy issued by Ceding Company to an Approved Originator, provided that the effective date of coverage for such loan is (a) (i) on or after November 9, 1995 or (ii) on or after October 1, 1993, if there is an additional premium paid by the Insured to Ceding Company for coverage for such loan on or after November 9, 1995, (b) before the termination of this Agreement.

1.25 "Reinsurer" shall have the meaning set forth in the Preamble.

## 2. Applicability of Agreement:

2.1 Reinsurer shall indemnify Ceding Company for Net Excess Cumulative Liability, as provided in Section 3 of this Agreement, that may accrue to Ceding Company for a covered Policy Year with respect to Reinsured Loans as a result of any Loss incurred from the first day of such Policy Year until the day immediately prior to the tenth (10th) anniversary of coverage for such Reinsured Loan, and at 11:59 pm on such day, coverage for such Reinsured Loan shall terminate. This Agreement is intended to cover Losses incurred during such ten (10) year period even though such Losses may not be paid until after such ten (10) year period.

2.2 The Parties agrees that Schedule A may be amended:

(a) to add an affiliate of Reinsurer that is not then listed on Schedule A, by Reinsurer notifying Ceding Company that such affiliate is to be added to Schedule A and Ceding Company shall, within a reasonable time thereafter, execute an amended Schedule A to reflect the addition of any such affiliate and such amendment shall be effective as of the date that Ceding Company receives such notice from Reinsurer, unless Reinsurer specifies a later date when the amended Schedule A shall be effective. For purposes of this Agreement, an affiliate of Reinsurer is any company or other entity that is shown or is required to be shown on a holding company disclosure statement filed by, or with respect to, Reinsurer, or

(b) to add any other entity not then listed on Schedule A, by the mutual written agreement of the Parties, and such amended Schedule A shall be effective as of the date the Parties may mutually agree and set forth in the



amended Schedule A.

3. Amount of Cover:

Reinsurer shall be liable for and shall reimburse Ceding Company for one hundred percent (100%) of all cumulative Net Losses paid by Ceding Company with respect to Reinsured Loans in excess of cumulative Net Losses that produce a Policy Year Paid Claims Ratio of six and one-half percent (6.5%) (the "Reinsurer Attachment"); however, in no event shall Reinsurer be liable for that portion of any cumulative Net Losses that produce a Policy Year Paid Claims Ratio of twelve and one-half percent (12.5%) or more (the "Reinsurer Limit"). The amount of cumulative Net Losses for which Reinsurer shall be liable hereunder shall be referred to as "Net Excess Cumulative Liability." Each Policy Year Paid Claims Ratio shall be computed at the end of each Quarterly Cycle, and shall be computed separately and not be aggregated with other Policy Years, to determine if the Reinsurer Attachment has been reached.

4. Follow the Fortunes:

4.1 Reinsurer's liability shall attach simultaneously with that of Ceding Company and shall be subject in all respects to the same risks, terms, conditions, interpretations, waivers, and to the same modifications, alterations and cancellations as the respective insurance of Ceding Company, the true intent of this Agreement being that Reinsurer shall, in every case to which this Agreement applies, follow the fortunes of Ceding Company.

4.2 Nothing in this Agreement shall in any manner create any obligations or establish any rights against Reinsurer in favor of any third parties or any persons not parties to this Agreement.

5. Effective Date, Term and Termination:

5.1 This Agreement shall be effective as of 12:01 a.m., Eastern Time, on January 1, 1997, and shall remain in force until 11:59 p. m. on December 31, 1998, and may be renewed annually thereafter for additional one year terms commencing on January 1 and terminating on the following December 31 if both parties mutually agree to such renewal on or before September 1, 1998 in the case of the first year, or any subsequent September 1 in the event of a renewal year.



5.2 Either Party may immediately terminate this Agreement in the event that the other should at any time become insolvent, or suffer any impairment of capital, or go into or be placed in liquidation or rehabilitation, or have a receiver or conservator appointed, or if any law or regulation of any federal agency or any state in which Ceding Company is doing business should render this Agreement illegal. Ceding Company may cease ceding additional risk under this Agreement or terminate this Agreement if so ordered by the Commissioner. Ceding Company shall have the right to terminate this Agreement if, at any time, financial statement credit is disallowed, by any state in which Ceding Company is licensed, for the cession of risk under this Agreement or if Reinsurer fails to establish and maintain, funded in appropriate amounts, the Trust Agreement required by this Agreement. After any termination of this Agreement, Reinsurer will, at the request of Ceding Company, furnish to Ceding Company statements, if there are any, reflecting application of the NAIC Insurance Regulatory Information System ("IRIS") test to Reinsurer's quarterly and annual statements (which Reinsurer hereby agrees to provide to Ceding Company upon request) and if four (4) or more values are outside of the usual range established in the IRIS system, Ceding Company shall have the option of an immediate settlement of all present and future obligations under this Agreement.

5.3 Either Party may terminate this Agreement at any time if:

- (a) any payment to be made hereunder by the other Party is more than ten (10) days overdue, and said payment has not been made within five (5) days after written notice to pay has been served upon the Party not paying, or
- (b) there is a material breach by the other Party with respect to any of its representations, warranties or obligations set forth herein, and said breach has not been cured within ten (10) days after written notice to cure said breach has been served upon the Party committing said breach.

5.4 Notwithstanding any termination as provided for in this Agreement, both Ceding Company and Reinsurer shall continue to be liable to each other for Reinsurance Premiums, Losses incurred (as set forth in Section 2.1), and all other obligations under this Agreement, with respect to all Reinsured Loans for each Policy Year prior to the termination of this Agreement, until the natural expiration, cancellation or termination of coverage of each Reinsured Loan within such Policy Year, or until the day preceding the tenth (10th) anniversary of coverage for each such Reinsured Loan, whichever shall first occur, unless Ceding Company and Reinsurer shall mutually agree that such termination shall be (a) on a clean-cut

basis with portfolio transferred to Ceding Company and with Reinsurer receiving total control over the trust funds and incurring no further liability with respect to any Reinsured Loan, in which event Reinsurer shall not continue to receive Reinsurance Premiums with respect thereto or (b) by commutation of the remaining liability, based upon a good faith actuarial estimate of applicable Reinsurance Claims and Reinsurance Premiums calculated by Ceding Company and agreed to by Reinsurer. In the event that no mutual agreement can be reached within sixty (60) days of one party's providing notice to the other party of the first party's intention to proceed with option (a) or (b), then option (b) will be deemed to have been chosen by the parties and the matter of the actuarial estimate shall be submitted to arbitration as set forth in Section 15.

6. Reinsurance Premiums and Taxes:

6.1 Ceding Company shall pay Reinsurer quarterly, as set forth in Section 10, Reinsurance Premiums for each Reinsured Loans for so long as that Reinsured Loan is reinsured under this Agreement.

6.2 Ceding Company shall be liable for any and all premium taxes imposed on premiums written with respect to Policies covering Reinsured Loans, and on any Reinsurance Premiums paid to Reinsurer hereunder and Ceding Company shall reimburse Reinsurer for any such taxes paid by Reinsurer.

7. Capital and Reserves:

The respective Parties shall establish and maintain all such capital and all such reserves as may be required with respect to unearned premiums, contingency reserves, claims, Loss or loss adjustment expenses relating to each risk.

8. Claim Settlement and Inspections:

8.1 All Losses, compromises of Losses and expenses and allowances in consequence of a claim for benefits under a Policy shall be settled by Ceding Company. Ceding Company agrees to settle each claim under a Policy in a manner which, in its good faith opinion, is in accordance with the terms and conditions of the Policy as interpreted in good faith by Ceding Company. Nevertheless, Ceding Company shall have the authority to grant reasonable extensions of time for the filing of claims and to waive notice requirements by Insureds and such other technical Policy violations as it deems reasonable and prudent to effectuate a good faith application of the terms imposed by the Policy.

8.2 Reinsurer or its duly accredited representative shall have the right from time to time at any time during the term and within a reasonable time after the termination of this Agreement to request and obtain information and copies of papers (including any printed, written, recorded, taped, electronic, graphic, computerized printout or other tangible matter) and files in connection with any Policy or Reinsured Loan and shall have the privilege to inspect all books, records, agreements and papers in connection with any Policy or with respect to any Reinsurance Claim, Gross Written Premiums, Reinsurance Premium, Net Losses, if any, and salvage or recovery. Reinsurer or its duly accredited representative shall also be entitled, from time to time, at any time during the term and within a reasonable time after the termination of this Agreement to audit Ceding Company's said documents, books and papers to determine the accuracy of any report required or Reinsurance Claim, Gross Written Premiums, Reinsurance Premium, Net Losses, salvage, or recovery. Such inspections and audits shall be conducted during usual business hours at Ceding Company's office where such records are regularly maintained. If such audit shows that there is a deficiency in any payments due hereunder, then the deficiency shall become immediately due and payable.

#### 9. Reinsurance Claim Procedures:

9.1 Ceding Company shall file Reinsurance Claims with Reinsurer as provided for herein in a form approved by the Parties. Payments due from Reinsurer for Reinsurance Claims shall be made to Ceding Company. Ceding Company shall pay all expenses pertaining to reporting to Reinsurer.

9.2 Except as provided by Section 8.1, no Reinsurance Claim shall be made by Ceding Company or payable by Reinsurer unless and until all terms and conditions of the Policy with respect to the Claim Payment which is the basis for such Reinsurance Claim have been complied with and satisfied, and Ceding Company has paid the Insured all amounts due with respect to such Loss.

9.3 All Reinsurance Claims shall be filed within the time period set forth in Section 10 hereof. Such Reinsurance Claims shall be made by personal delivery to Reinsurer, or by deposit in the U.S. Mail, postage prepaid, addressed to Reinsurer at its address set forth herein. Ceding Company shall also furnish upon the request of Reinsurer, made within a reasonable period, not to exceed one hundred eighty (180) days after the end of the Quarterly Cycle for which such Reinsurance Claims were submitted, true and complete copies of all of its records and information

concerning such Reinsurance Claims, and Net Losses, for verification by Reinsurer. Ceding Company shall not unreasonably deny requests for copies of such documentation for purposes of verification after the one hundred eighty (180) day period has elapsed if Reinsurer demonstrates good cause for such request. Reinsurer shall pay all Reinsurance Claims within the time period set forth in Section 10 hereof.

#### 10. Reports and Remittances:

10.1 Quarterly Reports. Within forty-five (45) days after the end of each Quarterly Cycle, Ceding Company shall submit to Reinsurer reports for such Quarterly Cycle containing the following information:

(a) Insurance in Force. As of the end of such Quarterly Cycle, gross insurance in force for all risk, including gross risk outstanding and gross unearned premiums thereon, before any deduction for reinsurance hereunder, all in summary fashion.

(b) Premiums. The aggregate loan balances for which either an initial premium or renewal premium therefor was paid to Ceding Company during such Quarterly Cycle, the Policy number, the premiums written and unearned premiums both in gross and in the net amount due Reinsurer, and showing cancellation and return premiums, all in summary fashion.

(c) Property Acquired. As of the end of such Quarterly Cycle, the number of Properties that it has acquired (but not sold) pursuant to a Policy, its cost in acquiring such Properties, the amount of reserve therefor that Ceding Company has established, without any deduction for reinsurance.

(d) Reinsurance Claims. Net Losses and the Reinsurance Claim, if any, due from Reinsurer.

(e) Reserves. Reserves established by the Ceding Company with respect to the Reinsured Loans.

(f) Reinsurance Premiums. Reinsurance Premiums due from Ceding Company.

10.2 Annual Reports. Within forty-five (45) days after the end of each Policy Year, Ceding Company shall submit to Reinsurer a report for that Policy year



listing Policies in force under this Agreement in the aggregate, gross loan amount in force, gross risk outstanding, insurance in force hereunder by state and risk outstanding hereunder by state.

10.3 Within sixty (60) days after the each Quarterly Cycle, Reinsurer shall submit Quarterly Annual Statement to Ceding Company.

10.4 Additional Information. Such quarterly and annual reports shall also contain such additional information as may be required under this Agreement or as may be reasonably requested from time to time by Reinsurer from Ceding Company or Ceding Company from Reinsurer, and such reports shall in all events provide sufficient information to allow Reinsurer to meet the filing requirements of the NAIC Annual Convention Statement, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any other regulatory agency or rating entity or Ceding Company to meet all requirements of the NAIC, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any other regulatory agency or rating entity.

10.5 Remittances. The balance after offset due to a Party by the other Party hereunder shall be paid

(a) if to Ceding Company, within fifteen (15) days following the receipt by Reinsurer of a quarterly report delivered pursuant to Section 10.1 for such Quarterly Cycle; or

(b) if to Reinsurer, within forty-five (45) days after the end of a Quarterly Cycle and as an accompaniment to the quarterly report delivered pursuant to Section 10.1 for such Quarterly Cycle.

All Reinsurance Premiums and Reinsurance Claims due hereunder and all accountings rendered and settlements made hereunder shall be in United States Dollars.

## 11. Representations:

11.1 Representations by Ceding Company. Ceding Company makes the following representations and warranties:

(a) It is duly authorized and qualified to carry on the business of Mortgage Guaranty Insurance in each state where a Policy was issued and meets the

requirements for carrying on such business.

(b) It has taken all corporate action necessary to enable it to enter into and carry out this Agreement.

(c) It is qualified as a writer of Mortgage Guaranty Insurance on loans to be purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

(d) All reports required and all Reinsurance Claims submitted hereunder shall be accurate and complete.

(e) No Reinsurance Claim shall be submitted to Reinsurer except in connection with a Loss on a Reinsured Loan reinsured under the Agreement.

(f) Each such warranty and representation is material to this Agreement and relied upon by Reinsurer in entering into this Agreement. Each such representation and warranty shall continue to be true during the term of this Agreement.

11.2 Representations by Reinsurer. Reinsurer makes the following representations and warranties:

(a) It is duly authorized, and has the legal capacity, to accept and to write the reinsurance contemplated by this Agreement.

(b) It has taken all corporate action necessary to enable it to enter into and carry out this Agreement.

(c) Reinsurer shall allow Ceding Company to examine true and accurate copies of any and all other reinsurance agreements that Reinsurer may enter into, but Reinsurer shall be allowed to redact any and all information regarding reinsurance premiums due with respect to any such reinsurance agreement.

(d) Reinsurer will limit its business, for so long as there is risk ceded under this Agreement, to the reinsurance of Mortgage Guaranty Insurance, insured under a Policy, as such terms are defined in this Agreement.

(e) Each such warranty and representation is material to this Agreement

and relied upon by Ceding Company in entering into this Agreement. Each such representation and warranty shall continue to be true during the term of this Agreement.

12. Insolvency of Ceding Company:

12.1 Any risk or obligation assumed by Reinsurer pursuant to this Agreement shall be payable by Reinsurer on the basis of its liability under this Agreement without diminution because of any insolvency of Ceding Company. In the event of insolvency and the appointment of a conservator, liquidator or statutory successor of Ceding Company, all Reinsurance Claims shall be payable to such conservator, liquidator or statutory successor in accordance with this Agreement, with reasonable provision for verification, on the basis of Claims allowed against Ceding Company by any court of competent jurisdiction or by any conservator, liquidator or statutory successor of Ceding Company having authority to allow such claims, without diminution because of such insolvency or because such conservator, liquidator or statutory successor has failed to pay all or a portion of any such claim. Payments by Reinsurer as set forth above shall be made directly to Ceding Company or to its conservator, liquidator or statutory successor.

12.2 The conservator, liquidator or statutory successor of Ceding Company shall give written notice of the filing of a claim against Ceding Company within a reasonable time after such claim is filed, and Reinsurer may interpose, at its own expense, in the proceedings where such claim is, or may be adjudicated, any defense or defenses which it may deem available to Ceding Company or its conservator, liquidator or statutory successor. The expense thus incurred by Reinsurer shall be payable subject to court approval out of the estate of Ceding Company as part of the expenses of conservation or liquidation to the extent of a proportionate share of the benefit which may accrue to Ceding Company in conservation or liquidation, solely as a result of the defense undertaken by Reinsurer.

13. Trust Agreement:

13.1 To support Reinsurer's obligations under this Agreement, and in conformity with law, Reinsurer shall enter into a trust agreement (the "Trust Agreement") to establish a trust account (the "Trust Account") for the benefit of Ceding Company.

13.2 The capital fund portion of the Trust Account shall be funded in an initial amount of one million dollars (\$1,000,000) or ten (10) basis points per one billion dollars (\$1,000,000,000) of new insurance written. This funding must be made on or before December 31 of respective policy year. Thereafter the Reinsurer shall maintain the capital fund portion of the Trust Account in an amount equal to the greater of

- a) the total for all Policy Years of the amount determined for each Policy Year as follows: twenty percent times (Reinsurer Limit minus Reinsurer Attachment) times Total Original Risk in Force or
- b) the Contingency Reserve.

Whenever the capital fund portion of the Trust Account is less than that required by this Section, Reinsurer is prohibited from paying any dividends. Ceding Company shall remit all Reinsurance Premiums to the Trustee under the Trust Agreement, and all investment income, dividends, and capital gain from, and other increase in, the assets of the Trust Account shall be added to the capital portion of the Trust Account, except that operating and management expenses of up to one hundred thousand dollars (\$100,000) per year and federal income tax payments due from Reinsurer and attributable this Agreement may be withdrawn from the investment income, dividends, capital gain from, or other increase in, such assets. Total capital shall consist of common capital stock, gross paid in and contributed surplus, unassigned funds (surplus), and statutory contingency reserves.

13.3 The reserve fund portion of the Trust Agreement shall be funded

- a) in an amount at least equal to the Reinsurer's unearned premium, which is a percentage of the gross unearned premium reserve. The percentage will vary as follows on the calendar year dates: i) 10% of the Ceding Company's unearned premium from October 1, 1993 through December 31, 1996, ii) 19.1% of the Ceding Company's unearned premium from January 1, 1997 through December 31, 1997, and iii) 25% of the Ceding Company's unearned premium from January 1, 1998 and later, with respect to Reinsured Loans after the effective date of this Agreement, less related cancellation and return premiums (returned for whatever reason) and
- b) in an amount equal to the amount by which known and estimated unknown delinquent reserves are likely to trigger a reinsurance



recovery, reserves must be established, as calculated in good faith by Ceding Company in accordance with generally accepted statutory accounting practices, associated with Reinsured Loans exceed the Reinsurer Attachment.

13.4 Notwithstanding any other provision of this Agreement, the only consequence of Reinsurer's failure to deposit any required amounts into the Trust Agreement will be the termination of the Agreement pursuant to Section 5.4

13.5 In order to assure that Ceding Company receives financial statement credit for the reinsurance provided by this Agreement, the Trust Agreement must be adequately funded by the "as of" date of each annual or quarterly financial statement to be filed by Ceding Company with the appropriate regulatory authorities. Accordingly, Ceding Company shall estimate the amounts required by the Trust Agreement on or before each "as of" date and shall notify Reinsurer, not later than thirty (30) days before such "as of" date, of such amount and Reinsurer shall make a deposit of such funds, not later than five (5) days before the "as of" date, into the Trust Agreement. Ceding Company shall use its best efforts to make such estimates as accurate as possible; however, to avoid the disallowance of any credit for the reinsurance provided by this Agreement, Reinsurer acknowledges and agrees that such estimates shall be based on the maximum amount Ceding Company, in its sole judgment, anticipates may be required. When the actual calculations are made for the amounts needed pursuant to the Trust Agreement to allow Ceding Company financial statement credit for the reinsurance provided by this Agreement, any excess amounts (determined in accordance with the Trust Agreement) held pursuant to the Trust Agreement shall be returned to Reinsurer in accordance with the Trust Agreement.

13.6 All assets deposited pursuant to the Trust Agreement shall be valued in accordance with the terms and conditions of the Trust Agreement.

13.7 Reinsurer, prior to depositing assets with the trustee under the Trust Agreement, shall execute assignments, endorsements in blank, or transfer legal title to the trustee of all shares, obligations or any other assets requiring assignments, in order that Ceding Company, or such trustee upon the direction of Ceding Company, may whenever necessary negotiate any such assets without consent or signature from Reinsurer or any other entity.

13.8 Ceding Company and Reinsurer stipulate and agree that the assets in the

Trust Agreement may be withdrawn by Ceding Company at any time, notwithstanding any other provision in this Agreement, and shall be utilized and applied by Ceding Company, including, without limitation, any liquidator, rehabilitator, receiver or conservator of Ceding Company, without diminution because of insolvency on the part of Ceding Company or Reinsurer, to pay amounts Ceding Company claims are due under this Agreement.

14. Jurisdiction and Agent for Service of Process:

14.1 In accordance with North Carolina General Statutes §58-7-21(b)(6), as it may be amended from time to time:

(a) If Reinsurer fails to perform its obligations under the terms of this Agreement, Reinsurer, at Ceding Company's request, shall submit to the jurisdiction of any court of competent jurisdiction in any state of the United States, shall comply with all requirements necessary to give the court jurisdiction, and shall abide by the final decision of the court or of any appellate court if there is an appeal.

(b) Reinsurer designates the Commissioner as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding begun by or on behalf of Ceding Company.

15. Arbitration:

15.1 All disputes or differences arising out of the interpretation of this Agreement shall be submitted to the decision of two arbitrators, one to be chosen by each Party, and in the event of the arbitrators failing to agree, to the decision of an umpire to be chosen by the arbitrators. The arbitrators and umpire shall be disinterested active or retired officials of fire or casualty insurance or reinsurance companies, but may not be active or retired executive officials of mortgage guaranty insurance companies. If either Party fails to appoint an arbitrator or umpire within one month of a request in writing by either of them to do so, such arbitrator or umpire, as the case may be, shall at the request of either party be appointed by a Judge of the Superior Court of the North Carolina General Court of Justice or a Judge of the U. S. District Court for the Middle District of North Carolina.

15.2 The arbitration proceeding shall take place in New York, New York. Each

Party shall submit its case to the arbitrators within one (1) month after receipt of notice of the selection of the umpire unless the period is extended by the arbitrators or by agreement of the Parties. The arbitrators and umpire are relieved from all judicial formality and may abstain from following the strict rules of law. They shall settle any dispute under the Agreement according to an equitable rather than a strictly legal interpretation of its terms.

15.3 Each party shall bear the expenses of his arbitrator and shall jointly and equally share with the other the expenses of the umpire and of the arbitration.

15.4 This Article shall survive the termination of this Agreement.

16. General:

16.1 Errors and Omissions. Reinsurer shall not be relieved of liability by reason of an error or accidental omission by Ceding Company in reporting any Claim, provided that such error or omission is rectified promptly after discovery, and Reinsurer is not materially prejudiced thereby. Reinsurer will not be liable for Reinsurance Claims resulting from dishonesty or fraud on the part of Ceding Company's employees, agents or representatives.

16.2 Amendments. This Agreement may be amended only with the written consent of both Parties; provided, however, that no amendment to this Agreement shall be effective until approved by the Commissioner and further provided that the Parties hereby consent to any amendment required or ordered by the Commissioner. If Reinsurer objects to any amendment required or ordered by the Commissioner, then Reinsurer shall have the right to terminate this Agreement, after the date the Commissioner requests or orders such amendment, upon thirty (30) days' notice.

16.3 Applicable Law. This Agreement, and future amendments hereto, shall be subject to and construed in accordance with the substantive laws of the state of North Carolina. Any arbitration under this Agreement or any dispute concerning the right to arbitration shall be governed by the Federal Arbitration Act (9 U.S.A. Section 1 et seq.) and not by the laws of the state of North Carolina.

16.4 Entire Agreement. This Agreement embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings, oral or written, relating to the subject matter hereof.

16.5 Notices and Reports. Except as otherwise specifically set forth herein, all notices and reports to be given by a party shall be in writing and shall be sufficiently given if sent by prepaid U.S. Mail, and every such notice and report shall be conclusively deemed to have been given on the third (3rd) Business Day following the date of mailing thereof. The address of the Parties for notices and reports are as follows:

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY  
230 North Elm Street, 7th Floor  
Greensboro, North Carolina 27401-2402

or

PO Box 21567  
Greensboro, NC 27420-1567

and, in either case,

Attn: Actuarial & Economic Research Department (for  
notices)  
Accounting Department (for financial reporting)

ATRIUM INSURANCE CORPORATION  
590 Fifth Avenue  
New York, New York 10036

Either party may from time to time by notice as provided in this Section designate a different address to which such notices shall be sent.

16.6 Exercise of Rights. The failure or refusal by either Party to exercise any rights granted hereunder shall not constitute a waiver of such rights or preclude the subsequent exercise thereof, and no verbal communication shall be asserted as a waiver of any such rights hereunder unless such communication shall be confirmed in writing, and signed by the Party against whom such waiver is asserted, plainly expressing an intent to waive such rights.

16.7 No Publicity. No Party shall use the other Party's name or describe its role as Reinsurer, or Ceding Company, as the case may be, in any publicity releases by one Party without the other Party's written consent.

16.8 Successors and Assigns. This Agreement shall inure to the benefit of, and shall bind, the successors and assigns of the Parties.

16.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed as original but all of which together shall constitute one and the same instrument.

16.10 Titles. Titles used for Sections are for convenience of reference only and are not part of the terms and conditions of this Agreement.

16.11 Offset. Each Party hereto shall have, and may exercise at any time and from time to time, the right to offset any undisputed balance or balances, whether on account of premiums or on account of losses or otherwise, due from such Party to the other (or, if more than one, any other) Party hereto under this Agreement or under any other reinsurance agreement heretofore or hereafter entered into by and between them, and may offset the same against any undisputed balance or balances due to the former from the latter under the same or any other reinsurance agreement between them, and the Party asserting the right of offset shall have and may exercise such right whether the undisputed balance or balances due to such Party from the other are on account of premiums or on account of Losses or otherwise and regardless of the capacity, whether as assuming insurer or a ceding insurer, in which each Party acted under the agreement or, if more than one, the different agreements involved; provided, however, that, in the event of the insolvency of a Party hereto, offset shall only be allowed in accordance with the provisions of Section 7427 of the Insurance Law of the State of New York, as it may be amended from time to time.

16.12 Confidentiality. The Parties hereby acknowledge that certain information exchanged by them pursuant to this Agreement is confidential, sensitive, or proprietary in nature. A Party may designate such information as "Confidential" by written notice to the other Party at the time of initial disclosure of such information. Each Party agrees that such "Confidential" information shall be used solely for the purpose of ceding or assuming reinsurance under the terms and conditions of this Agreement and shall be disclosed only to employees, agents, and representatives of the Party as is necessary for the performance of that Party's obligations under this Agreement. Such employees, agents, and representatives shall use reasonable safeguards to maintain the confidentiality of such information and to prevent its disclosure to any person not authorized to receive such information.

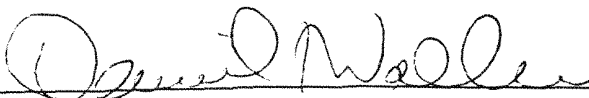
16.13 Entire Agreement. No representations or statements of any kind made by either party which are not expressly stated herein or in any written amendment hereto shall be binding on such party. This Agreement, including any Schedules



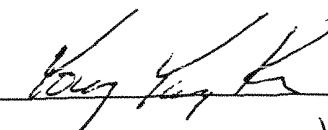
or other attachments, and the related Trust Agreement constitute the entire agreement between Ceding Company and Reinsurer with respect to the subject matter hereof, and supersede all other agreements, proposals, and other communications between Ceding Company and Reinsurer relating to the subject matter hereof, whether oral or written, which shall be of no further force and effect whatsoever.

IN WITNESS WHEREOF, this Agreement has been duly executed in duplicate original counterparts by the Parties.

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

By: 

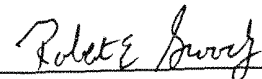
Name: Daniel T. Walker, Senior Vice President-Actuarial & Economic Research

Attest: 

Name: Tony Tuckman

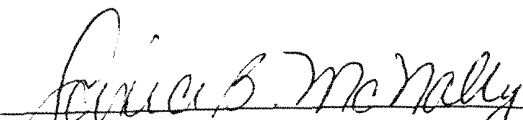
Title: Manager of Structured Products

ATRIUM INSURANCE CORPORATION

By: 

Name: Robert E. Gregory

Title: Vice President

Attest: 

Name: Janice B. McNally

Title: Admin. Assist.

As an inducement for Ceding Company to enter into this Agreement, the party identified below (Parent/Affiliate of Reinsurer) agrees that it shall give or cause to be given to each **borrower** whose loan is or may be subject to this Agreement a disclosure similar in substance to the form attached as Schedule B, or in such other form as appropriate regulatory authorities may suggest or require, and that Ceding Company shall, for so long as there remains risk reinsured under this Agreement, have the right, upon reasonable notice and at any reasonable time, and by signing below Parent/Affiliate of Reinsurer irrevocably grants such right to Ceding Company, to audit loans files of loans originated or purchased by Parent/Affiliate of Reinsurer that are insured by a company other than Ceding Company and reinsured with Reinsurer so as to monitor the quality of such other business. If another party has the loan files for such loans, by reason of a sale of the servicing or otherwise, Parent/Affiliate of Reinsurer agrees that it shall secure the consent to allow Ceding Company to exercise its right of audit from a third party before relinquishing control of such loan files.

By: *Roderic E. Groosy*

Name: *Roderic E. Groosy*

Attest: *Janice B. McNally*

Name: *Janice B. McNally*

## AMENDMENT #1 TO REINSURANCE AGREEMENT

BY AND BETWEEN

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY,

AND

ATRIUM REINSURANCE COMPANY

Pursuant to Section 16.2 of the Reinsurance Agreement (the "Agreement") by and between United Guaranty Residential Insurance Company, as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, the Agreement is hereby amended effective as of January 1, 1998 as follows:

1. A new Section 1.2a is inserted as follows: "1.2a "Ceding Commission" shall mean nineteen percent (19.0%) of the Reinsurance Premiums."
2. Delete Section 1.18, and replace it with the following: "1.18 "Policy Year" shall mean the period from the calendar year January 1 to December 31, except as follows: i) the 1994 policy year which refers to all loans with an effective date of coverage from October 1, 1993 to December 31, 1994; ii) the 1996 policy year which refers to all loans with an effective date of coverage from January 1, 1996 to March 31, 1997; and iii) the 1997 policy year which refers to all loans with an effective date of coverage from April 1, 1997 to December 31, 1997."
3. Delete Section 1.23, and replace it with the following: "1.23 "Reinsurance Premiums" shall mean i) ten percent (10%) of the Gross Written Premiums from October 1, 1993 through December 31, 1996, ii) nineteen and one tenth percent (19.1%) of Gross Written Premium from January 1, 1997 through December 31, 1997, iii) twenty-five percent (25%) of Gross Written Premiums from January 1, 1998 and later for loans with an effective date of coverage from October 1, 1993 to March 31, 1997, and iv) forty-five percent (45%) of Gross Written Premiums from January 1, 1998 and later for loans with an effective date of coverage from April 1, 1997 or later. For loans effective from October 1, 1993 to November 8, 1995, these percentages shall only apply to renewal premiums received on or after November 9, 1995."
4. Delete Section 3, and replace it with the following: "For each Policy Year beginning prior to April 1, 1997, Reinsurer shall be liable for and shall reimburse Ceding Company for one hundred percent (100%) of all cumulative Net Losses paid by Ceding Company with respect to Reinsured Loans in excess of cumulative Net Losses that produce a Policy Year Paid Claims Ratio of six and one-half percent (6.5%) (the "Reinsurer Attachment"); however, in no event shall Reinsurer



be liable for that portion of any cumulative Net Losses that produce a Policy Year Paid Claims Ratio of twelve and one-half percent (12.5%) or more (the "Reinsurer Limit"). For each Policy Year beginning on and after April 1, 1997, Reinsurer shall be liable for and shall reimburse Ceding Company for one hundred percent (100%) of all cumulative Net Losses paid by Ceding Company with respect to Reinsured Loans in excess of cumulative Net Losses that produce a Policy Year Paid Claims Ratio of four percent (4%) (the "Reinsurer Attachment"); however, in no event shall Reinsurer be liable for that portion of any cumulative Net Losses that produce a Policy Year Paid Claims Ratio of fourteen percent (14%) or more (the "Reinsurer Limit"). The amount of cumulative Net Losses for which Reinsurer shall be liable hereunder shall be referred to as "Net Excess Cumulative Liability." Each Policy Year Paid Claims Ratio shall be computed at the end of each Quarterly Cycle, and shall be computed separately and not be aggregated with other Policy Years, to determine if the Reinsurer Attachment has been reached."

5. Delete Section 6.1, and replace it with the following: "6.1 Ceding Company shall pay Reinsurer quarterly, as set forth in Section 10, Reinsurance Premiums for each Reinsured Loan for so long as that Reinsured Loan is reinsured under this Agreement. For Reinsurance Premiums from Gross Written Premiums from January 1, 1998 and later for loans with an effective date of coverage from April 1, 1997 or later, such payments to be net of the Ceding Commission due Ceding Company from Reinsurer."
6. Delete Section 13.2 and replace it with the following: "13.2 For each Policy Year beginning on or after April 1, 1997, the capital fund portion of the Trust Account shall be funded in an initial amount of two million dollars (\$2,000,000) or twenty (20) basis points per one billion dollars (\$1,000,000,000) of new insurance written. This funding must be made on or before December 31 of respective policy year. Thereafter the Reinsurer shall maintain the capital fund portion of the Trust Account in an amount equal to the greater of
  - a) the total for all Policy Years of the amount determined for each Policy Year as follows: twenty percent times (Reinsurer Limit minus Reinsurer Attachment) times Total Original Risk in Force or
  - b) the Contingency Reserve.

Until April 1, 2002, or whenever the capital fund portion of the Trust Account is less than that required by this Section, Reinsurer is prohibited from paying any dividends. Ceding Company shall remit all Reinsurance Premiums to the Trustee under the Trust Agreement, and all investment income, dividends, and capital gain from, and other increase in, the assets of the Trust Account shall be added to the capital portion of the Trust Account, except that operating and management expenses of up to one hundred thousand dollars (\$100,000) per year and federal income tax payments due from Reinsurer and attributable to this Agreement may be

withdrawn from the investment income, dividends, capital gain from, or other increase in, such assets. Total capital shall consist of common capital stock, gross paid in and contributed surplus, unassigned funds (surplus), and statutory contingency reserves."

7. Delete Section 13.3 a) and replace it with the following: "a) in an amount at least equal to the Reinsurer's unearned premium, which is a percentage of the gross unearned premium reserve. The percentage will vary as follows on the calendar year dates: i) 10% of the Ceding Company's unearned premium from October 1, 1993 through December 31, 1996, ii) 19.1% of the Ceding Company's unearned premium from January 1, 1997 through December 31, 1997, iii) 25% of the Ceding Company's unearned premium from January 1, 1998 and later for loans with an effective date of coverage from October 1, 1993 to March 31, 1997, and iv) 45% of the Ceding Company's unearned premium from January 1, 1998 and later for loans with an effective date of coverage from April 1, 1997 and later, with respect to Reinsured Loans after the effective date of this Agreement, less related cancellation and return premiums (returned for whatever reason) and"

IN WITNESS WHEREOF, this Amendment #1 has been duly executed by the Parties hereto.

UNITED GUARANTY RESIDENTIAL  
INSURANCE COMPANY

By: 

Daniel T. Walker

Senior Vice President -Actuarial & Economic Research

Attest: 

Name and title: Cheryl Dodson, Executive Secretary

ATRIUM INSURANCE CORPORATION

By: 

Name and title: Vice President

Attest: 

Name and title: Janice B. McNally, Administrative Assistant

## SCHEDULE A

The following companies apply to loans written and covered on all applicable effective date.

PHH US Mortgage Corporation  
PHH Mortgage Services Corporation  
Cendant Mortgage

Correspondent Loans purchased by PHH Mortgage Services Corporation that are identified by a United Guaranty Residential Insurance Company certificates number and not previously reinsured in a captive program.

The following companies only apply to loans written and covered before April 1, 1997 effective date.

First Interstate Residential Mortgage, L.L.C.  
Semonin Mortgage Services, Inc.  
Oakmont Mortgage - Woodland Hills  
Prairie Security Bank

BY AND BETWEEN

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

AND

ATRIUM INSURANCE CORPORATION

Pursuant to Section 16.2 of the Reinsurance Agreement by and between United Guaranty Residential Insurance Company, as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, as amended by Amendment #1 dated as of January 1, 1998, (collectively, the "Agreement") the Agreement is hereby amended effective as of January 1, 2000 as follows:

1. Delete Section 1.2a and replace it with the following: "1.2a "Ceding Commission" shall mean i) nineteen percent (19.0%) for loans with an effective date of coverage prior to January 1, 2000; ii) eleven and one tenths percent (11.1%) for loans with an effective date of coverage of January 1, 2000 and later."
2. Delete Section 1.24 and replace it with the following: "1.24 "Reinsured Loan" shall mean a loan originally insured under a Policy issued by Ceding Company to an Approved Originator, provided that the effective date of coverage for such loan is (a) (i) on or after November 9, 1995 or (ii) on or after October 1, 1993, if there is an additional premium paid by the Insured to Ceding Company for coverage for such loan on or after November 9, 1995, (b) before the termination of this Agreement. Loans that are insured by the Ceding Company under GSE Pool or Co-Primary are not eligible to be insured under this Agreement."
3. Delete Section 13.2 and replace it with the following: "13.2 For each Policy Year beginning on or after April 1, 1997, the capital fund portion of the Trust Account shall be funded in an initial amount of two million dollars (\$2,000,000) or twenty (20) basis points per one billion dollars (\$1,000,000,000) of new insurance written. This funding must be made on or before December 31 of respective policy year. In order for the Reinsurer to pay dividends from the Trust Account, the Trust Account must be funded in an amount equal to the reserve fund portion in Section 13.3 plus the greater of:
  - a) the total for all Policy Years of the amount determined for each Policy Year as follows: twenty percent times (Reinsurer Limit minus Reinsurer Attachment) times sum of the Original Risk in Force for all Policy Years or
  - b) the Contingency Reserve.

Furthermore, no dividends shall be disbursed to the Reinsurer from the Trust Account by the Trustee prior to January 1, 2005. Whenever the Trust Account is less than that required by Sections 13.2 and 13.3, Reinsurer is prohibited from paying any dividends. Ceding Company shall remit all Reinsurance Premiums to the Trustee under the Trust Agreement, and all investment income, dividends, and capital gain from, and other increase in, the assets of the Trust Account shall be added to the capital portion of the Trust Account, except that (i) operating and management expenses of up to one hundred thousand dollars (\$100,000) per year and (ii) federal income tax payments due from Reinsurer and attributable to this Agreement may be withdrawn from the investment income, dividends, capital gain from, or other increase in, such assets. The amount actually payable pursuant to clause (i) of this section shall not exceed the Ceding Company's pro-rata share of operational expenses after taking into account the portion of all operating expenses fairly allocable to other mortgage guaranty insurance companies ceding business to the Reinsurer. In no event will the amount be payable pursuant to clauses (i) and (ii) if the Trust Account is less than the reserves required in Section 13.3 for all Policy Years, plus the greater of: (a) the total for all Policy Years of the amount determined for each Policy Year as follows: ten percent (10%) times (Reinsurer Limit minus Reinsurer Attachment) times the sum of the Original Risk in Force for all Policy Years reduced by Net Losses paid by Reinsurer, or (b) the Contingency Reserve. If Reinsurer experiences an underwriting loss in any given calendar year and, as a result thereof, receives a federal income tax refund then Reinsurer shall remit to the Trust Account within 45 days after such receipt an amount equal to the lesser of: (i) the amount of the federal income tax refund attributable to the underwriting loss or (ii) the amount paid under clause (ii) of this Section for the prior two calendar years. Total capital shall consist of common capital stock, gross paid in and contributed surplus, unassigned funds (surplus), and statutory contingency reserves."

4. Schedule A to the Agreement is deleted in its entirety and replaced with the Schedule A attached to this Amendment #2.

All other terms of this Agreement remain the same.

IN WITNESS WHEREOF, this Amendment #2 has been duly executed by the Parties hereto.

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

By: 

Daniel T. Walker

Senior Vice President – Actuarial Research & Product Development

Attest: \_\_\_\_\_  
Name and title: Att. Student Products

ATRIUM INSURANCE CORPORATION

By: \_\_\_\_\_  
Name and title: Vice President

Attest: \_\_\_\_\_  
Name and title: \_\_\_\_\_



## SCHEDULE A

The following companies apply to loans written and covered on all applicable effective dates:

Cendant Mortgage Corporation, 3000 Leadenhall Road, Mt. Laurel, NJ 08054, including all trade names utilized by Cendant Mortgage Corporation, or any affiliate, subsidiary or partner of Cendant Mortgage Corporation designated by Cendant Mortgage Corporation to Ceding Company (the "Lender").

Correspondent Loans purchased by the Lender, as of the effective date of such purchase, that are identified by a United Guaranty Residential Insurance Company certificate number and which are not required to remain reinsured in another captive program.

Loans regarding which the servicing rights have been transferred to the Lender, as of the effective date of such transfer, provided that such loans are identified by a United Guaranty Residential Insurance Company certificate number and which are not required to remain reinsured in another captive program.

The following companies only apply to loans written and covered before the April 1, 1997 Effective date:

First Interstate Residential Mortgage, L.L.C.  
Semonin Mortgage Services, Inc.  
Oakmont Mortgage – Woodland Hills  
Prairie Security Bank

AMENDMENT #3 TO REINSURANCE AGREEMENT

BY AND BETWEEN

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

AND

ATRIUM INSURANCE CORPORATION

Pursuant to Section 16.2 of the Reinsurance Agreement by and between United Guaranty Residential Insurance Company, as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, as amended by Amendment #1 dated as of January 1, 1998, and as amended by Amendment #2 dated as of January 1, 2000 (collectively, the "Agreement") the Agreement is hereby amended effective as of November 27, 2001 as follows:

1. Delete Section 1.24 and replace it with the following: "1.24 "Reinsured Loan" shall mean a loan originally insured under a Policy issued by Ceding Company and originated and serviced by an Approved Originator, provided that the effective date of coverage for such loan is (a) (i) on or after November 9, 1995 or (ii) on or after October 1, 1993, if there is an additional premium paid by the Insured to Ceding Company for coverage for such loan on or after November 9, 1995, (b) before the termination of this Agreement. Loans that are insured by the Ceding Company under GSE Pool or Co-Primary are not eligible to be insured under this Agreement.
2. Schedule A to the Agreement is deleted in its entirety and replaced with the Schedule A attached to this Amendment #3.

All other terms of this Agreement remain the same.

IN WITNESS WHEREOF, this Amendment #3 has been duly executed by the Parties hereto.

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

By: [Signature]  
Daniel T. Walker  
Senior Vice President – Actuarial Research & Product Development

Attest: [Signature]  
Name and title: John E. Gans, VP

ATRIUM INSURANCE CORPORATION

By: [Signature]  
Name and title: Vice President

Attest: \_\_\_\_\_  
Name and title: \_\_\_\_\_



## SCHEDULE A

The following companies apply to loans written and covered on all applicable effective dates:

Cendant Mortgage Corporation, 3000 Leadenhall Road, Mt. Laurel, NJ 08054, including all trade names utilized by Cendant Mortgage Corporation, or any affiliate, subsidiary or partner of Cendant Mortgage Corporation designated by Cendant Mortgage Corporation to Ceding Company (the "Lender").

Correspondent Loans purchased by the Lender, as of the effective date of such purchase, that are identified by a United Guaranty Residential Insurance Company certificate number and which are not required to remain reinsured in another captive program.

Loans regarding which the servicing rights have been transferred to the Lender, as of the effective date of such transfer, provided that such loans are identified by a United Guaranty Residential Insurance Company certificate number and which are not required to remain reinsured in another captive program.

Both Parties acknowledge and agree that the Reinsurance Premiums and risks are directly related to the lender originating and servicing each Reinsured Loan.

The following companies only apply to loans written and covered before the April 1, 1997 Effective date:

First Interstate Residential Mortgage, L.L.C.  
Semonin Mortgage Services, Inc.  
Oakmont Mortgage – Woodland Hills  
Prairie Security Bank

AMENDMENT # 4 TO REINSURANCE AGREEMENT

BY AND BETWEEN

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

AND

ATRIUM INSURANCE CORPORATION

Pursuant to Section 16.2 of the Reinsurance Agreement by and between United Guaranty Residential Insurance Company, as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, as amended by Amendment #1 dated as of January 1, 1998, as amended by Amendment #2 dated as of January 1, 2000 and as amended by Amendment #3 dated as of November 27, 2001 (collectively, the "Agreement") the Agreement is hereby amended effective as of January 1, 2003 as follows:

1. Section 13.2 is deleted in its entirety and replaced with the following:

13.2 For each Policy Year beginning on or after April 1, 1997 and prior to January 1, 2003, the capital fund portion of the Trust Account shall be funded in an initial amount of two million dollars (\$2,000,000) or twenty (20) basis points per one billion dollars (\$1,000,000,000) of new insurance written. This funding must be made on or before December 31 of respective policy year. For all Policy Years, the Reinsurer shall deposit into the Trust Account such amounts, if any, as are necessary to attain a balance in the Trust Account equal to the reserves required in section 13.3 plus ten percent times (Reinsurance Limit minus Reinsurance Attachment) times sum of the Original Risk in Force.

In order for the Reinsurer to pay dividends from the Trust Account, the Trust Account must be funded in an amount equal to the reserve fund portion in Section 13.3 plus the greater of:

- a) the total for all Policy Years of the amount determined for each Policy Year as follows: twenty percent times (Reinsurer Limit minus Reinsurer Attachment) times sum of the Original Risk in Force for all Policy Years or
- b) the Contingency Reserve.

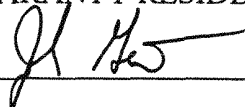
Furthermore, no dividends shall be disbursed to the Reinsurer from the Trust Account by the Trustee prior to January 1, 2005. Whenever the Trust Account is less than that required by Sections 13.2 and 13.3, Reinsurer is prohibited from paying any dividends. Ceding Company shall remit all Reinsurance Premiums to the Trustee under the Trust Agreement, and all investment income, dividends, and capital gain from, and other increase in, the assets of the Trust Account shall be added to the capital portion of the Trust Account, except that (i) operating and management

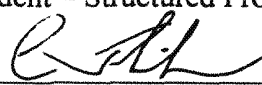
expenses of up to one hundred thousand dollars (\$100,000) per year and (ii) federal income tax payments due from Reinsurer and attributable to this Agreement may be withdrawn from the investment income, dividends, capital gain from, or other increase in, such assets. The amount actually payable pursuant to clause (i) of this section shall not exceed the Ceding Company's pro-rata share of operational expenses after taking into account the portion of all operating expenses fairly allocable to other mortgage guaranty insurance companies ceding business to the Reinsurer. In no event will the amount be payable pursuant to clauses (i) and (ii) if the Trust Account is less than the reserves required in Section 13.3 for all Policy Years, plus the greater of: (a) the total for all Policy Years of the amount determined for each Policy Year as follows: ten percent (10%) times (Reinsurer Limit minus Reinsurer Attachment) times the sum of the Original Risk in Force for all Policy Years reduced by Net Losses paid by Reinsurer, or (b) the Contingency Reserve. If Reinsurer experiences an underwriting loss in any given calendar year and, as a result thereof, receives a federal income tax refund then Reinsurer shall remit to the Trust Account within 45 days after such receipt an amount equal to the lesser of: (i) the amount of the federal income tax refund attributable to the underwriting loss or (ii) the amount paid under clause (ii) of this Section for the prior two calendar years. Total capital shall consist of common capital stock, gross paid in and contributed surplus, unassigned funds (surplus), and statutory contingency reserves.

All other terms of this Agreement remain the same.

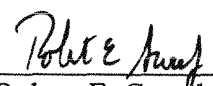
IN WITNESS WHEREOF, this Amendment #4 has been duly executed by the Parties hereto.

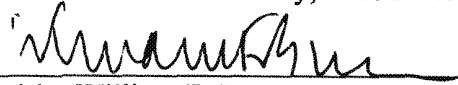
UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

By:   
 John Gaines  
 Vice President – Structured Products Department

Attest:   
 Name and title: CHRIS DELMAS, MANAGER

ATRIUM INSURANCE CORPORATION

By:   
 Name and title: Robert E. Groody, Vice President and Treasurer

Attest:   
 Name and title: William F. Brown, Assistant Secretary

**AMENDMENT # 5 TO REINSURANCE AGREEMENT**  
**BY AND BETWEEN**  
**UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY**  
**AND**  
**ATRIUM INSURANCE CORPORATION**

Atrium Insurance Corporation ("Atrium") and United Guaranty Residential Insurance Corporation ("UGRIC") are parties to a Reinsurance Agreement, which has been continuously in force since the effective date of January 1, 1997.

Pursuant to Section 16.2 of the Reinsurance Agreement by and between United Guaranty Residential Insurance Company, as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, as amended by Amendment #1 dated as of January 1, 1998, as amended by Amendment #2 dated as of January 1, 2000, as amended by Amendment #3 dated as of November 27, 2001, and as amended by Amendment #4 dated as of December 11, 2003 (collectively, the "Agreement") the Agreement is hereby amended effective as of June 1, 2005 as follows:

- I. Section 1.24 of the Agreement is hereby deleted and restated to read in its entirety as follows:

1.24 "Reinsured Loan" shall mean a loan originally insured under either (a) a Policy issued by Ceding Company and originated and serviced by an Approved Originator, provided that the effective date of coverage for such loan is (i) (1) on or after November 9, 1995 or (2) on or after October 1, 1993, if there is an additional premium paid by the Insured to Ceding Company ("UGRIC") for coverage for such loan on or after November 9, 1995 and (ii) before the termination of this Agreement; or (b) a Policy issued by United Guaranty Mortgage Indemnity Company ("UGMIC") to an Approved Originator, provided that the effective date of coverage for such loan is (i) on or after June 1, 2005, (ii) before the termination of this Agreement, and (iii) reinsured to Ceding Company and subsequently reinsured under this Agreement, and, with respect to subpart (b), subject to the following conditions:

- (A) The Reinsurer has not provided notice to the Ceding Company or UGMIC at the time of loan origination that such loan is to be excluded from this Agreement,
- (B) Loans that are insured by the Ceding Company or UGMIC under any other structured product programs such as GSE Pool or Co-Primary are not eligible to be insured under this Agreement,
- (C) Correspondent loans purchased within 180 days of origination are eligible to be insured under this Agreement provided that the

- Ceding Company or UGMIC is notified of the purchase within 270 days of origination, and
- (D) Loans regarding which the servicing rights have been transferred to the Lender within 180 days of origination, as of the effective date of such transfer, provided that such loans are identified by a United Guaranty Residential Insurance Company or United Guaranty Mortgage Indemnity Company certificate number. Ceding Company or UGMIC is notified of the transfer within 360 days of origination, and which are not required to remain reinsured in another captive program.
- (E) Loans greater than 100% LTV are not eligible to be insured under this Agreement.

Primary mortgage insurance coverage on the loan must meet the following minimum coverage criteria:

	Loan Term Greater than 25 Years	Loan Term Less Than or Equal to 25 Years
95.01% LTV – 100.00% LTV	30%	30%
90.01% LTV – 95.00% LTV	25%	25%
85.01% LTV – 90.00% LTV	17%	12%
80.01% LTV – 85.00% LTV	12%	6%

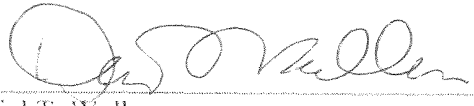
2. Schedule A to the Agreement is deleted in its entirety and replaced with the Schedule A attached to this Amendment #5.
3. Section 5.1 is deleted in its entirety and replaced with the following:
 

“5.1 This Agreement shall be effective as of 12:01 a.m., Eastern Time, on January 1, 1997 and shall remain in force until terminated in accordance with this Section 5.”
4. A new Section 5.5 shall be added as follows:
 

“5.5 Either party may terminate this Agreement as of 11:59 p.m., Eastern Time on the date of termination by providing at least ninety (90) days prior written notice thereof to the other party by certified U.S. Mail with return receipt requested, or by other delivery service wherein the sender receives a receipt noting the date of delivery.”
5. All other terms of this Agreement remain the same.

IN WITNESS WHEREOF, this Amendment #5 has been duly executed by the Parties hereto.

**UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY**

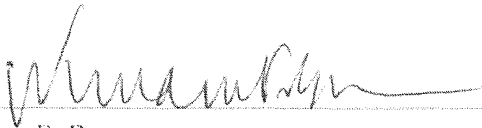
By:   
Daniel T. Walker  
Senior Vice President – Structured Products

Dated: 2-21-06


Attest:   
R. Brian Flinchum  
Assistant Manager – Structured Products

Dated: 2-21-06

**ATRIUM INSURANCE CORPORATION**

By:   
William F. Brown  
Senior Vice President and Secretary

Dated: 2/21/06

Attest:   
Ronald O. Whitford, Jr.  
Vice President and Asst. Secretary

Dated: 2/21/06

**EXPIRATION NOTICE:** All parties to this Agreement 3-44 shall execute this Amendment #5 before 11:59 PM on March 1, 2006, or the amendment will be void in its entirety. After the expiration date, a new amendment will be circulated with a revised effective date of 60 days later than stated herein.



## SCHEDULE A

The following companies apply to loans written and covered on all applicable effective dates:

PHH Mortgage Corporation ("PHH"), formerly known as Cendant Mortgage Corporation, 3000 Leadenhall Road, Mt. Laurel, NJ 08054, including all trade names utilized by PHH, or any affiliate, subsidiary or partner of PHH designated by PHH to Ceding Company (the "Lender").

Both Parties acknowledge and agree that the Reinsurance Premiums and risks are directly related to the lender originating and servicing each Reinsured Loan.

The following companies only apply to loans written and covered before the April 1, 1997 Effective date:

First Interstate Residential Mortgage, L.L.C.  
Semonin Mortgage Services, Inc.  
Oakmont Mortgage – Woodland Hills  
Prairie Security Bank

**AMENDMENT #6 TO REINSURANCE AGREEMENT 3-44****BY AND BETWEEN****UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY****AND****ATRIUM INSURANCE CORPORATION**

Atrium Insurance Corporation ("Atrium") and United Guaranty Residential Insurance Corporation ("UGRIC") are parties to a Reinsurance Agreement, which has been continuously in force since the effective date of January 1, 1997.

Pursuant to Section 16.2 of the Reinsurance Agreement by and between United Guaranty Residential Insurance Company, as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, as amended by Amendment #1 dated as of January 1, 1998, as amended by Amendment #2 dated as of January 1, 2000, as amended by Amendment #3 dated as of November 27, 2001, as amended by Amendment #4 dated as of December 11, 2003, and as amended by Amendment #5 dated as of June 1, 2005 (collectively, the "Agreement") the Agreement is hereby further amended effective as of April 1, 2006 as follows:

1. Section 1.24 of the Agreement is hereby deleted and restated to read in its entirety as follows:

1.24 "Reinsured Loan" shall mean a loan originally insured under either (a) a Policy issued by Ceding Company and originated and serviced by an Approved Originator, provided that the effective date of coverage for such loan is (i) (1) on or after November 9, 1995 or (2) on or after October 1, 1993, if there is an additional premium paid by the Insured to Ceding Company ("UGRIC") for coverage for such loan on or after November 9, 1995 and (ii) before the termination of this Agreement; or (b) a Policy issued by United Guaranty Mortgage Indemnity Company ("UGMIC") to an Approved Originator, provided that the effective date of coverage for such loan is (i) on or after June 1, 2005, (ii) before the termination of this Agreement, and (iii) reinsured to Ceding Company and subsequently reinsured under this Agreement, and, with respect to subpart (b), subject to the following conditions:

- (A) The Reinsurer has not provided notice to the Ceding Company or UGMIC at the time of loan origination that such loan is to be excluded from this Agreement,
- (B) Loans that are insured by the Ceding Company or UGMIC under any other structured product programs such as GSE Pool or Co-Primary are not eligible to be insured under this Agreement,
- (C) Correspondent loans purchased within 180 days of origination are eligible to be insured under this Agreement provided that the



- Ceding Company or UGMIC is notified of the purchase within 270 days of origination, and
- (D) Loans regarding which the servicing rights have been transferred to the Lender within 180 days of origination, as of the effective date of such transfer, provided that such loans are identified by a United Guaranty Residential Insurance Company or United Guaranty Mortgage Indemnity Company certificate number, Ceding Company or UGMIC is notified of the transfer within 360 days of origination, and which are not required to remain reinsured in another captive program.
- (E) Loans greater than 100% LTV are not eligible to be insured under this Agreement.
- (F) Loans with a representative credit score of 600 and less (as determined and reported to the Ceding Company by the underwriting guidelines of PHH Mortgage Corporation) are not eligible to be insured under this Agreement on or after April 1, 2006.


Primary mortgage insurance coverage on the loan must meet the following minimum coverage criteria:

95.01% LTV – 100.00% LTV	30%	30%
90.01% LTV – 95.00% LTV	25%	25%
85.01% LTV – 90.00% LTV	17%	12%
80.01% LTV – 85.00% LTV	12%	6%


2. All other terms of this Agreement remain the same.

IN WITNESS WHEREOF, this Amendment #6 has been duly executed by the Parties hereto.

**UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY**

By:   
Daniel T. Walker  
Senior Vice President - Structured Products

Dated: 7/12/06

Attest:   
R. Brian Flinchum  
Assistant Manager - Structured Products


Dated: 7/12/06

**ATRIUM INSURANCE CORPORATION**

By: 

Dated: 7/12/06

Name and title: MARK R DANAHY SUP, CEO

Attest: 

Dated: 7/12/06

Name and title: Christine Roscoe, License Administrator

**EXPIRATION NOTICE:** All parties to this Agreement 3-44 shall execute this Amendment #6 before 11:59 PM on July 13, 2006, or the amendment will be void in its entirety. After the expiration date, a new amendment will be circulated with a revised effective date of 60 days later than stated herein.

AMENDMENT # 7 TO REINSURANCE AGREEMENT

BY AND BETWEEN

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY

AND

ATRIUM INSURANCE CORPORATION

Pursuant to Section 16.2 of the Reinsurance Agreement by and between United Guaranty Residential Insurance Company ("UGRIC"), as Ceding Company, and Atrium Insurance Corporation, as Reinsurer, dated January 1, 1997, as amended by Amendment #1 dated as of January 1, 1998, as amended by Amendment #2 dated as of January 1, 2000, as amended by Amendment #3 dated as of November 27, 2001, as amended by Amendment #4 dated as of December 11, 2003, as amended by Amendment #5 dated as of June 1, 2005, as amended by Amendment #6 dated as of July 6, 2006, (collectively, the "Agreement") the Agreement is hereby amended effective as of February 1, 2007 as follows:

Section 13.2 is deleted in its entirety and replaced with the following:

13.2 For each Policy Year beginning on or after April 1, 1997 and prior to January 1, 2003, the capital fund portion of the Trust Account shall be funded in an initial amount of two million dollars (\$2,000,000) or twenty (20) basis points per one billion dollars (\$1,000,000,000) of new insurance written. This funding must be made on or before December 31 of the respective policy year. For all Policy Years, the Reinsurer shall deposit into the Trust Account such amounts, if any, as are necessary to attain a balance in the Trust Account equal to the reserves required in Section 13.3, plus an amount (the "Reinsurer's Capital Deposit") equal to the product of (i) ten percent of the difference between the Reinsurer Limit and the Reinsurer Attachment and (ii) the amount of the Original Risk in Force.

The Reinsurer shall not be entitled to receive dividends from the Trust Account, unless the Trust Account is, at the time of such proposed dividend, funded in an amount equal to the reserve required under Section 13.3, plus an amount equal to the total, for all Policy Years, of the amount determined for each Policy Year as follows:

a) for Policy Years 2002 and later, the greater of (i) the "Reinsurer's Capital Requirement", an amount equal to two times the Reinsurer's Capital Deposit, or (ii) the Contingency Reserve,

b) for Policy Years 2001 and prior, the Contingency Reserve,

provided that the capital portion of the Trust Account for all Policy Years combined shall not be less than the greater of the capital required by the Fannie Mae Mortgage Insurance Eligibility Guidelines or that required by

the Freddie Mac Mortgage Insurance Eligibility Guidelines, as calculated by UGRIC.

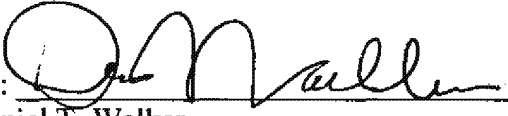
Furthermore, no dividends shall be disbursed to the Reinsurer from the Trust Account by the Trustee prior to January 1, 2005.

Whenever the Trust Account is less than that required by Sections 13.2 and 13.3, Reinsurer is prohibited from paying any dividends. Ceding Company shall remit all Reinsurance Premiums to the Trustee under the Trust Agreement, and all investment income, dividends, and capital gain from, and other increase in, the assets of the Trust Account shall be added to the capital portion of the Trust Account, except that (i) operating and management expenses of up to one hundred thousand dollars (\$100,000) per year and (ii) federal income tax payments due from Reinsurer and attributable to this Agreement may be withdrawn from the investment income, dividends, capital gain from, or other increase in, such assets. The amount actually payable pursuant to clause (i) of this paragraph shall not exceed the Ceding Company's pro-rata share of operational expenses after taking into account the portion of all operating expenses fairly allocable to other mortgage guaranty insurance companies ceding business to the Reinsurer. In no event will the amount be payable pursuant to clauses (i) and (ii) of this paragraph if the Trust Account is less than the reserves required in Section 13.3 for all Policy Years, plus the greater of: (a) the aggregate Reinsurer's Capital Deposit for all Policy Years reduced by Net Losses paid by Reinsurer, or (b) the Contingency Reserve. If Reinsurer experiences an underwriting loss in any given calendar year and, as a result thereof, receives a federal income tax refund then Reinsurer shall remit to the Trust Account within 45 days after such receipt an amount equal to the lesser of: (i) the amount of the federal income tax refund attributable to the underwriting loss or (ii) the amount paid under clause (ii) of this paragraph for the prior two calendar years. Total capital shall consist of common capital stock, gross paid in and contributed surplus, unassigned funds (surplus), and statutory contingency reserves.

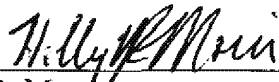
All other terms of this Agreement remain the same.

IN WITNESS WHEREOF, this Amendment #7 has been duly executed by the Parties hereto.

UNITED GUARANTY RESIDENTIAL INSURANCE COMPANY


By:   
Daniel T. Walker  
Senior Vice President – Structured Products

Dated: 2-8-2007

Attest:   
Holly R. Morris  
Structured Products Analyst

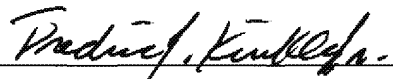
Dated: 2-8-07

ATRIUM REINSURANCE CORPORATION

By: 

Dated: 2/19/07

Name and title: Mark A. Davanty SVP, CFO

Attest: 

Dated: 2/20/07

Name and title: Fredric J. Kinkler, Jr., Assistant Secretary

**EXPIRATION NOTICE:** All parties to this Agreement 3-44 shall execute this Amendment #7 before 11:59 PM on February 28, 2007, or the amendment will be void in its entirety. After the expiration date, a new amendment will be circulated with a revised effective date of 30 days later than stated herein.

# EXHIBIT 15

























































# EXHIBIT 16











































































































































































