

BULLETIN

MORTGAGE INSURER APPLICATIONS SCHEDULE

This Bulletin is issued in accordance with the section of your Fannie Mae Software Subscription Agreement (the “Agreement”) entitled “Issued Bulletins; Amendments,” and amends and restates the Mortgage Insurer (MI) Applications Schedule (the “Old MI Applications Schedule”) in its entirety as set forth in the attached Mortgage Insurer Applications Schedule (the “New MI Applications Schedule”). All terms not defined in the New MI Applications Schedule are defined in the Agreement.

In addition to other edits, including those made for the sake of brevity, typo corrections, reformatting and other small alterations, the New MI Applications Schedule includes the following changes:

SECTION/ TITLE	OLD SECTION/ TITLE (if amended)	DESCRIPTION OF CHANGE
1— <u>Licensed Application</u>	—	The Property Data API Review Tool (“PDART”) and FM Connect™ were added as Licensed Applications. Clarification added that references to Licensed Applications also include, as permitted, any associated APIs. Section also now introduces concept of Licensee and lists the types of activities a Licensee may engage in using one of the Licensed Applications.
3— <u>Property Data API Review Tool; Collateral Data Delivery Service; Collateral Underwriter</u>	<i>3—<u>Collateral Data Delivery Service; Collateral Underwriter</u></i>	Section now states that PDART is a Licensed Application for which the terms described in 3.a. through 3.i. are applicable.
3.a.— <u>Overview</u>	—	Description of PDART was incorporated.
3.b.i. through iii.— <u>Restrictions on Use</u>	—	<ul style="list-style-type: none"> ➤ This Section underwent a general revision and included clarification that “use of Licensed Application” includes Output. Both “messages” and “images” were added to the list of items that are considered Output. ➤ The Section now includes “credit evaluations” and “making a credit decision” as two more purposes for which a Licensee must not use a Licensed Application or its Output.
.3.c.— <u>Appraisals</u>	<i>3(c).—<u>Acknowledgments</u></i>	<p>Statement added that Licensee is responsible for the assessment of the data reviewed within a Licensed Application.</p> <ul style="list-style-type: none"> ➤ Acknowledgment also required from Licensee that it has obtained requisite authorization to access, review and use

		appraisals and related data that have been obtained through the Licensed Applications.
3.d.— <u>Third-Party Access</u>	—	All references to “Underwriting and Quality Contractors“ were replaced with the broader term, “Approved Contractors,” to encompass those third parties who may have authorized access to a Licensed Application, but not for the aforementioned purposes.
3.e.— <u>Guarantee by Licensee</u>	—	New Section to establish that if a Licensee grants access to a Licensed Application to an agent or third party, Licensee retains and guarantees such agent or third party’s full performance of all obligations set forth in the Master Terms, the MI Applications Schedule.
3.f.— <u>Appraisal Sharing and Disclosure of Doc File ID</u>	—	New Section added regarding appraisal sharing and related indemnity.
3.g.— <u>Termination of Relationships</u>	—	New Section added regarding termination of third-party relationships.
4.— <u>Suspension or Termination for Cause</u>	<u>5.—Termination</u>	This Section underwent a general revision, and now includes clarification that Fannie Mae’s right to terminate a Licensee’s access due to misuse of a Licensed Application can be exercised without notice, at any time and in its sole discretion.
5.— <u>Indemnification</u>	—	New Section, which states that Licensee’s obligation to indemnify Fannie Mae includes any breach of the MI Applications Schedule.
6.— <u>Survival</u>	—	New Section added regarding survival rights of provisions upon termination.

All of the changes described above are effective as of the Effective Date indicated in this Schedule, except for the provisions related to the use of APIs in Sections 1 and 3, which are effective immediately, in accordance with the Master Terms Section entitled “Issued Bulletins; Amendments.” All of the terms and conditions of the Agreement as supplemented by the New MI Applications Schedule shall continue in full force and effect. If there is any inconsistency between or among the provisions contained in the Agreement (including the New MI Applications Schedule) and this Bulletin, the provisions of the Agreement will govern.

Software Subscription Agreement

MORTGAGE INSURER APPLICATIONS

Schedule

LICENSED APPLICATION/ADDITIONAL TERMS

- 1) Licensed Application. Fannie Mae licenses to Licensee the suite of applications known as the “Mortgage Insurer Applications” which includes the File Transfer Portal (FTP), CE Portal, Property Data API Review Tool (PDART), Collateral Data Delivery Service (CDDS), Collateral Underwriter® (CU™) and FM Connect™, together with, as permitted, any API associated with an application referenced in this Schedule, or other application which provides similar functionality to that described in this Section (each, the “**Licensed Application**”) pursuant to this Schedule and the Master Terms and Conditions between Fannie Mae and Licensee (the “**Master Terms**”) into which this Schedule is incorporated (together, the “**Agreement**”). As of the effective date of this Schedule, the Licensed Applications allow Licensee to:
 - a. identify potential appraisal issues, including property-related data issues prior to and after loan delivery;
 - b. conduct quality control by assessing the accuracy of property-related data submitted to the Fannie Mae PDART;
 - c. retrieve CU risk scores, flags and messages;
 - d. review and share credit enhancement policy information, including the exchange of data, via the FTP, that is subject to a data sharing agreement; and
 - e. view, export or print reports related to these activities.
- 2) File Transfer Portal. The following terms apply with regard to FTP (the "Licensed Application" under this Section):
 - a. Formatting Conformance. Loan file names and data file names must conform to naming conventions established by Fannie Mae. Loan files and data files with non-conforming names will be rejected by the Licensed Application. Files that contain processing or data submission errors will not be processed and file submission requests with such errors will be considered outstanding until Fannie Mae receives the information in the correct format.
 - b. Authentication Credentials. Notwithstanding the provisions of the Section of the Master Terms entitled "Management of Authentication Credentials," Authentication Credentials that have been issued to Licensee for company-wide use may be shared and used between and among individuals who are employees of Licensee or that are independent or affiliate underwriting and quality control contractors of Licensee to access and use FTP.
- 3) Property Data API Review Tool; Collateral Data Delivery Service; Collateral Underwriter. The following terms apply with regard to PDART, CDDS (and related APIs) and CU (each, the “Licensed Application” under this Section):
 - a. Overview. PDART is an application that helps facilitate quality control on property data provided through the property data collection process. Users can assess the accuracy of the property data, identify potential property issues, and confirm that the data provided to Fannie

Mae aligns with the user's internal representation of the data. CDDS is a Fannie Mae service at the back-end of the Uniform Collateral Data Portal ("UCDP"), which is jointly used by the GSEs for purposes of the electronic collection of appraisal data. CDDS allows mortgage insurers to retrieve CU risk scores, flags and messages.

- b. Restrictions on Use. Without limiting the terms of the Section of the Master Terms entitled "Restrictions on Use" or any other provision in the Master Terms or this Schedule, Licensee's right to access and use the Licensed Application is conditioned upon Licensee's compliance with the following:
- i. Licensee must limit its use of the Licensed Application, including its risk scores, reports, findings, messages images and other output, in printed form or otherwise (collectively, the "Output") to the following as related to appraisals and property data collections for Fannie Mae loans that Licensee insures, or related to appraisals and property data collections for loans that a Fannie Mae seller/servicer has asked, or may ask, Licensee to insure and that may have been submitted to the UCDP:
 - (1) the management of collateral risk;
 - (2) protection against or prevention of actual or potential fraud, unauthorized transactions, claims, or other liability;
 - (3) reconciliation of appraisal variances with its lender customers;
 - (4) realization of efficiencies in determining eligibility for rescission relief related to property value;
 - (5) pursuit of greater alignment of mortgage insurance rescission relief with GSE repurchase relief;
 - (6) support of calculation of Private Mortgage Insurer Eligibility Requirements ("PMIERS"); and
 - (7) performance of quality control reviews and routine portfolio monitoring.
 - ii. Licensee may not use the Licensed Application, including the Output as the sole basis for:
 - (1) credit evaluation;
 - (2) making a credit decision;
 - (3) refusing coverage;
 - (4) rescission;
 - (5) cancellation;
 - (6) claim denial;
 - (7) claim curtailment; and
 - (8) premium increases.
 - iii. If the Licensee uses any Output generated by the Licensed Application as the basis for providing rescission relief without a review of each appraisal by a qualified underwriter, it must do so in compliance with the PMIERS in effect at the time the Licensee (referred to as the "approved insurer" in the PMIERS) offers its rescission relief. Licensee acknowledges that as of the date of this agreement, PMIERS (dated September 27, 2018) Section 404 ("Use of Automated Tools") requires the Licensee to test any automated tool that supports a validation process which is used by an approved insurer to conduct independent validation that is the basis for granting any early rescission relief. Such testing must include a risk review analysis that concludes that the recommendations or output of that automated validation tool are aligned with the approved insurer's credit risk tolerances, including those germane to any subsequent automated tool version updates. If the approved insurer's analysis suggests that material discrepancies exist between its credit risk tolerances and the automated validation tool's recommendations or outputs, the approved insurer must take appropriate steps to address these

discrepancies, which would include adding eligibility overlays or discontinuing the use of, deference to, or reliance upon that automated tool.

- iv. Licensee may access and use CDDS and CU to review an appraisal or property data collection if it has obtained from its lender customer the Fannie Mae DocFile ID associated with that appraisal or property data collection, in addition to the property address for the subject property. Licensee must inform its lender customers that it intends to use the DocFile ID to review the related appraisal or property data collection using the Licensed Application which survive any termination of this Schedule or the Agreement. In the case of PDART, a Property Data ID, rather than a DocFile ID, is required in addition to the property address for the subject property.
 - c. Appraisals. Licensee agrees to the following:
 - i. The Licensed Application does not “approve” or “deny” appraisals, nor does the absence or presence of flags or messages generated by the Licensed Application indicate an appraisal is acceptable or unacceptable. Licensee is responsible for the assessment of the data reviewed within the Licensed Application.
 - ii. Output generated by the Licensed Application, in whole or in part, has not been prepared by a licensed or certified appraiser and does not constitute an appraisal or valuation of the subject property.
 - iii. Licensee has obtained requisite authorization to access, review and use appraisals and related data that has been procured through the Licensed Applications.
 - d. Third-Party Access. Licensee may not designate or allow any third parties other than its independent and affiliated underwriting and quality control contractors (“**Approved Contractors**”) to use the Licensed Application or otherwise have access to Output. Further, Licensee’s Approved Contractors may not (A) disclose, aggregate or distribute Output to third parties or (B) use Output for any purpose other than assisting Licensee in Licensee’s pursuit of the purposes identified in Section 3(b)(i). Licensee assumes full responsibility for the consequences of such Approved Contractors disclosure and use of the Licensed Application and Output in violation of the Agreement.
 - e. Guarantee by Licensee. If Licensee designates an agent or other third party to use the Licensed Application or otherwise provides a third party access to the Licensed Application, whether in compliance with or in violation of the terms of this Agreement, Licensee guarantees full performance by each agent or other third party of all obligations set forth in the Master Terms and this Schedule, and will retain all obligations and liabilities under the Master Terms and this Schedule in connection with that party’s access to and use of the Licensed Application.
 - f. Appraisal Sharing and Disclosure of DocFile ID. If Licensee directs the Licensed Application to share an appraisal or other data associated with a DocFile ID with a third party or if Licensee discloses a DocFile ID to a third party, including an agent, Licensee will be deemed to have authorized Fannie Mae to provide the third party with access to all data associated with the appraisal or DocFile ID. Licensee indemnifies and holds Fannie Mae harmless from all Losses arising from providing such access.
 - g. Termination of Relationships. Fannie Mae reserves the right to immediately suspend or terminate any relationship established between Licensee and a third party by and for the Licensed Application at any time, at its sole discretion.
- 4) Suspension or Termination for Cause. In addition to, and not in limitation of, Fannie Mae’s rights under the Master Terms Section entitled “Termination,” Fannie Mae reserves the right to immediately suspend or terminate this Schedule or Licensee’s access to the Licensed Application without notice,

at any time and in its sole discretion, if Licensee is found to have misused the Licensed Application or used the Licensed Application for other than its intended purposes.

- 5) Indemnification. Licensee's obligation to indemnify Fannie Mae as established in the Master Terms include indemnification in the event of any breach of this Schedule.
- 6) Survival. In addition to the provisions referred to in the Section of the Master Terms entitled "Survival," any provision of this Schedule that contemplates its continuing effectiveness, including those under Section 3, will survive any termination of this Schedule or the Agreement.