

SERVICING CONTRACTORS

This Endorsement Changes The Bond. Please Read it Carefully.

Certain words and phrases that appear in bold have special meaning as defined in the Intact form to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

1. In consideration of the payment of the premium, it is hereby understood and agreed that the attached **"Bond"** is hereby amended by adding an additional **Insuring Agreement** as follows:

SERVICING CONTRACTORS

- (1) Loss through any **"dishonest or fraudulent act"** committed by any **"Servicing Contractor"**, as hereinafter defined, acting alone or in collusion with others.

For the purpose of this endorsement, **"Dishonest or fraudulent acts"** as used in this **Insuring Agreement** shall mean any **"dishonest or fraudulent acts"** committed by such **"Servicing Contractor"** with the manifest intent:

- (a) to cause the **"Insured"** to sustain such loss; and
- (b) to obtain financial benefit for the **"Servicing Contractor"** or for another person or entity.

As used in this **Insuring Agreement**, financial benefit does not include any benefits earned in the normal course of employment, or performance of the servicing contract, including salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions.

- (2) Loss of **"Money"** (including obligations of the United States of America) collected or received for the **"Insured"** by any such **"Servicing Contractor"** through the failure of such **"Servicing Contractor"** to pay to the **"Insured"** the **"Money"** so collected or received as is discovered to be due and payable while this Insuring Agreement is in force, except, however, **"Money"** disbursed by such **"Servicing Contractor"** in accordance with instructions from the **"Insured"**.

For the purpose of this endorsement, the term **"Servicing Contractor"**, as used in this **"Bond"**, shall mean a natural person, partnership or corporation other than an officer or employee of the **"Insured"**, duly authorized by the **"Insured"** to perform any or all of the following:

- (a) collect and record payments on real estate mortgage or home improvement loans made, held or assigned to the **"Insured"**, and establish tax and insurance escrow accounts,
- (b) manage real property owned by or under the supervision or control of the **"Insured"**;
- (c) perform other acts directly related to the above;

but only while such natural person, partnership or corporation is actually performing such services within Canada, the District of Columbia, Puerto Rico, the Virgin Islands, or any of the States within the United States of America.

The term **"Servicing Contractor"** shall include the partners, officers and employees of such **"Servicing Contractor"** and its partners, officers and employees shall collectively be deemed to be one person for all the purposes of paragraph (c) of **Section 4. LIMIT OF LIABILITY**.

2. In addition to the **Exclusions** in the attached **"Bond"**, the **Servicing Contractors Insuring Agreement** does not cover:

- (a) Loss resulting from the insolvency, bankruptcy or taking over by a receiver or other liquidator or by State or Federal Officials of any depository institution, unless such depository is a **"Servicing Contractor"** covered under this **"Bond"** and unless such insolvency, bankruptcy or taking over results from fraud or dishonesty of officers or employees of such depository institution;
- (b) Under paragraph (1), loss through the failure of any **"Servicing Contractor"** covered under this **"Bond"** to collect or receive **"Money"** for the account of the **"Insured"**, any agreement between such **"Servicing Contractor"** and the **"Insured"** to the contrary notwithstanding;
- (c) Under paragraph (1), loss of **"Money"** collected or received for the account of the Insured by any **"Servicing Contractor"** covered under this **"Bond"** unless such **"Servicing Contractor"** is legally liable to the **"Insured"** on account of the loss of such **"Money"**.
- (d) Loss resulting directly or indirectly from the complete or partial non-payment of, or default upon, any **"Loan"** made to a **"Servicing Contractor"**, including any such **"Loan"** established to provide funds for interim financing or "warehousing" of mortgage loans, whether procured in good faith or through fraud or false pretenses, or loss resulting directly or indirectly from the failure of the **"Servicing Contractor"** to pay over **"Property"** held as security for any such **"Loan"**.

3. The attached **"Bond"** shall be deemed cancelled as to any **"Servicing Contractor"** : (a) immediately upon discovery by the **"Insured"** of any **"dishonest or fraudulent act"** on the part of such **"Servicing Contractor"** unless within five (5) days after discovery of such act, the **"Insured"** shall give the **"Underwriter"** written notice thereof and in such event this **"Bond"** shall be deemed cancelled as to such **"Servicing Contractor"** at the expiration of thirty (30) days after such discovery of such act; or (b) at 12:01 a.m., as aforesaid, upon the effective date specified in a written notice served upon the **"Insured"** or sent by mail. Such date, if the notice be served, shall be not less than thirty (30) days after such service, or if sent by mail, not less than thirty-five (35) days after the date of mailing. The mailing by the **"Underwriter"** of notice, as aforesaid, to the **"Insured"** at its Principal Office shall be sufficient proof of notice.

4. The **"Underwriter's"** total liability for each loss under the foregoing **Servicing Contractors Insuring Agreement**, is limited to the amount stated in the Declaration Page(s) for this Endorsement.

5. The Deductible applicable for each loss is the amount stated in the Declaration Page(s) for this Endorsement.

6. The attached **"Bond"** does not afford coverage in favour of any **"Servicing Contractor"**, as aforesaid, and upon payment to the **"Insured"** by the **"Underwriter"** on account of any loss for which such **"Servicing Contractor"** is liable to the **"Insured"**, an assignment of such of the **"Insured's"** rights and causes of action as it may have against such **"Servicing Contractor"** by reason of such liability shall, to the extent of such payment, be given by the **"Insured"** to the **"Underwriter"**, and the **"Insured"** shall execute all papers necessary to secure to the **"Underwriter"** the rights herein provided for.

All other terms and conditions of this Policy remain unchanged.