

QUOTA SHARE REINSURANCE AGREEMENT

by and between

CMG MORTGAGE INSURANCE COMPANY

and

ARCH REINSURANCE LTD.

Effective Date: [●]

CMG Mortgage Insurance Company
QUOTA SHARE REINSURANCE AGREEMENT

This Quota Share Reinsurance Agreement (this "Agreement"), effective as of [●] (the "Effective Date"), is made and entered into by and between CMG MORTGAGE INSURANCE COMPANY, a Wisconsin domiciled mortgage insurance company (the "Company"), and ARCH REINSURANCE LTD., a Bermuda domiciled insurance company (the "Reinsurer"). The Company and the Reinsurer are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

The Parties hereto agree, in consideration of the mutual covenants contained in the following Articles, upon the terms and conditions set forth herein:

ARTICLE I

BUSINESS REINSURED

The reinsurance provided hereunder applies to the Policies. A master policy authorizing insurance of individual Loans under separate policies or certificates shall not be considered a Policy, but the individual policies or certificates issued pursuant thereto shall be considered Policies. Any insurance policy or certificate that qualifies as a Policy shall not cease to be a Policy due to a subsequent Loan modification on or after the Effective Date approved or accepted by the Company.

The Parties acknowledge and agree that a portion of the Policies are reinsured by the Company with other reinsurers under the Other Reinsurance, and that the reinsurance under this Agreement shall be provided net of the Other Reinsurance and all payments from and to the Company for reinsurance under this Agreement shall be made net of the Other Reinsurance. As between the Reinsurer and the Company, the Company shall have the sole benefit of, and right to collect all reinsurance recoveries under, the Other Reinsurance.

ARTICLE II

QUOTA SHARE COVERAGE

Subject to the terms of this Agreement, on and after the Effective Date, the Company shall cede to the Reinsurer, and the Reinsurer shall accept and reinsure, on an indemnity reinsurance basis a [●] quota share percentage participation (the "Quota Share Percentage") in the Business Reinsured, net of all Other Reinsurance subject to the Limit of Liability.

The Reinsurer's aggregate limit of liability for Loss under this Agreement for New Policies shall be equal to [●] for any three-year calendar underwriting period (the "Limit of Liability"). For the avoidance of doubt, (1) the Limit of Liability shall apply to successive three-year calendar underwriting periods, such that the first period shall consist of 2014, 2015 and 2016, the second period shall consist of 2017, 2018 and 2019, the third period shall consist of 2020, 2021 and 2022, and so on; and (2) the Limit of Liability shall not apply to In-Force Policies.

Notwithstanding anything contained herein to the contrary, the Company agrees that it shall retain at all times at least [●] of the Business Reinsured for its own account and shall not cede such retention under the Other Reinsurance, this Agreement or any other reinsurance coverage, unless the Reinsurer gives its prior written approval to the Company to maintain a lower net retention.

ARTICLE III

TERM AND TERMINATION

Section 3.01 Term. The term (the "Term") of this Agreement shall commence on the Effective Date, with the reinsurance coverage hereunder being effective as of the Effective Date, and this Agreement shall continue in force until the date that is the earliest of (a) the Agreement is terminated by the Company or the Reinsurer pursuant to this Article III hereunder, as applicable, and (b) the date of natural expiration of all liability in respect of the Policies.

Section 3.02 Termination by Either Party. This Agreement may be terminated by either Party by providing at least 365 days' prior written notice to the other Party.

Section 3.03 Company Termination. The Company will have the right to terminate this Agreement by providing written notice to the Reinsurer, which date shall be no earlier than fifteen (15) days after receipt by the Reinsurer of such notice, if ordered to do so by the Wisconsin Commissioner of Insurance (the "Commissioner").

Section 3.04 Special Termination. Either Party may, by prior written notice to the other party, terminate this Agreement on the date set forth in such notice if the other Party should at any time become Insolvent.

Section 3.05 Effect of Termination. Termination of this Agreement shall not affect the parties' obligations with respect to Policies ceded hereunder prior to termination, but no additional Policies shall be ceded on or after the time of termination. All transactions on all Policies ceded prior to such termination time shall run off to the natural or deemed expiration of such Contracts and of the Company's rights and obligations with respect thereto.

Notwithstanding the foregoing, in the event the Company is required by statute, regulation or by order of any court or regulatory authority to continue coverage under a Policy or Policies subject hereto in force after termination, or to renew the coverage under a Policy or Policies subject to the terms, conditions and limitations of this Agreement, through the issuance of a renewal Policy or Policies after termination, the Reinsurer shall extend reinsurance coverage hereunder with respect to such Policy or Policies until the Company may legally cancel, non-renew or otherwise eliminate its liability under such Policy or Policies.

The Company shall have the option to waive the runoff provision in the two preceding paragraphs, and, if the Company notifies the Reinsurer in writing within fifteen (15) days of the termination of this Agreement that the Company is exercising such option, the Reinsurer shall return to the Company, within forty-five (45) days of the termination of this Agreement, the unearned premium reserve, less the ceding commission allowed by the Reinsurer applicable to the unexpired portion of the unearned premium reserve. In such event, the Reinsurer shall not be liable as losses arising from defaults occurring subsequent to the effective date and time of termination, provided, however, that the Reinsurer shall remain liable, and this Agreement shall

remain in full force and effect, with respect to all Losses arising from defaults which occurred prior to such date.

ARTICLE IV

TERRITORY

The territorial scope of this Agreement will follow that of the Policies.

ARTICLE V

DEFINITIONS

The following definitions will apply to this Agreement:

(a) "Affiliate" will mean with respect to any person or entity, another person or entity that, directly or indirectly, controls, is controlled by, or is under common control with, such first person or entity, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person or entity, whether through the ownership of voting securities, by agreement or otherwise.

(b) "Agreement" will have the meaning set forth in the Preamble.

(c) "Business Days" will mean any day except for a Saturday or Sunday or another day in which banks in the State of Wisconsin are authorized or required by applicable law or executive order to be closed

(d) "Ceded Premium" will have the meaning set forth in Article VI.

(e) "Company" will have the meaning set forth in the Preamble.

(f) "Commissioner" will have the meaning set forth in Section 3.03.

(g) "Covered ECOs" will mean solely those Extra Contractual Obligations with respect to which the Company has provided written notice to the Reinsurer in advance of a course of conduct that may give rise to a claim of Extra Contractual Obligations prior to engaging in such conduct and with respect to which the Reinsurer has concurred in writing with such course of conduct or has not provided any response within fifteen (15) Business Days of receipt of the Company's notification. If the Company notifies the Reinsurer that it intends to deny a claim and the Reinsurer does not concur, the Reinsurer shall pay the Quota Share Percentage of Net Losses that would have been due had the Company paid the claim. "Covered ECOs" shall not include any "Extra Contractual Obligations" arising out of the criminal and/or fraudulent acts of the Company or its directors or officers.

(h) "Credit" will have the meaning set forth in Article XV.

(i) "Effective Date" will mean [date].

(j) "Eligible Assets" will have the meaning set forth in the Trust Agreement.

(k) "Extra Contractual Obligations" or "ECOs" will mean any liability arising out of or in connection with the Policies for any amount that is not within the terms or conditions of a

covered Policy (including in excess of policy limits), whether in relation to claims handling or otherwise, imposed on the Company including, without limitation, any settlement, judgment or award against the Company in favor of an insured lender or in favor of any other claimant.

(l) "In-Force Policies" will mean in-force residential lenders mortgage guaranty insurance policies or certificates, including any endorsements, supplements and riders thereto, that were issued and in effect prior to the Effective Date and insuring Loans that were not in default on the Effective Date. For purposes of this reinsurance, a Loan shall be considered to be in default on the Effective Date if it was or should have been designated on the Company's books and records on the Effective Date as delinquent as of that date based on two or more consecutively missed payments.

(m) "Initial Premium" will have the meaning set forth in Article VI.

(n) "Insolvent" will mean when a Party: (i) applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor of its properties or assets; (ii) is adjudicated as bankrupt or insolvent; (iii) files or consents to the filing of a petition in bankruptcy, seeks reorganization or an arrangement with creditors or takes advantage of any bankruptcy, dissolution, liquidation, rehabilitation, conservation or similar law or statute; or (iv) becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of such Party's domicile.

(o) "Loss" will mean the sum paid or payable for any claim by the Company in settlement of losses for which it is liable under and in accordance with the terms of the Policies, after making deductions for all recoveries, salvages, and/or subrogations which are actually recovered.

(p) "Letter of Credit" will have the meaning set forth in Article XV.

(q) "Limit of Liability" will have the meaning set forth in Article II.

(r) "Loans" means loans secured by mortgage, deed of trust or other instrument that constitutes a first lien or first legal charge on residential properties located in the United States (including the District of Columbia, Puerto Rico and the other territories and possessions of the United States).

(s) "Loan Report" will have the meaning set forth in Article VIII.

(t) "Loss Adjustment Expenses" will mean, to the extent not already included as a component of Loss, all out-of-pocket costs paid by the Company in the investigation, adjustment, appraisal, defense or settlement of all claims or suits, including appeals, incurred in connection with the adjustment and recording of a Loss, including all out-of-pocket costs paid by the Company with respect to any Covered ECOs and declaratory judgment expenses, as well as subrogation, salvage and recovery expenses, and both prejudgment and post-judgment interest. "Loss Adjustment Expenses" shall not include the office expenses of the Company and the salaries and expenses of its employees.

(u) "Loss Ratio" will mean (i) Net Losses, divided by (ii) Net Earned Premium.

(v) "Measurement Date" will mean each March 31, June 30, September 30 and December 31 occurring during the Term.

(w) "Net Earned Premium" will mean Net Written Premium adjusted for unearned premium in accordance with applicable accounting rules.

(x) "Net Losses" will mean (a) Loss, plus (b) Loss Adjustment Expenses, plus (c) Covered ECOs, with respect to the Policies.

(y) "Net Written Premium" will mean the original gross premium written with respect to the Policies less any return premium for cancellations, rescissions and reductions.

(z) "New Policies" will mean new residential lenders mortgage guaranty insurance policies or certificates, including any endorsements, supplements and riders thereto, that are issued on or after the Effective Date.

(aa) "Nonpublic Personal Information" will have the meaning assigned to such term in Article V of the Gramm-Leach-Bliley Act 15 USC §§ 6801 et seq. and all implementing rules and regulations.

(bb) "Other Reinsurance" means the reinsurance agreements (other than this Agreement) identified on Exhibit A hereto under which the Company cedes or may cede liabilities to other reinsurers with respect to the Policies, as such exhibit may be amended from time to time by the addition or removal of reinsurance agreements at the Company's sole discretion by notice to the Reinsurer.

(cc) "Party/Parties" will have the meaning set forth in the Preamble.

(dd) "Policies" will mean, collectively, the In-Force Policies and the New Policies.

(ee) "Privacy Laws" will mean any laws, statutes, rules, regulations, codes, orders, decrees, and rulings thereunder of any federal, state, regional, county, city, municipal or local government of the United States or any other country having applicable jurisdiction that relate to privacy, data protection or data transfer issues.

(ff) "Quota Share Percentage" will have the meaning set forth in Article II.

(gg) "Reinsurer" will have the meaning set forth in the Preamble.

(hh) "Reinsurer Reserves" will have the meaning set forth in Section 15.01(b).

(ii) "Required Balance" will be determined as of each Measurement Date and shall mean the Reinsurer's Quota Share Percentage of an amount equal to the Reinsurer Reserves together with the Net Losses paid by the Company but not recovered from the Reinsurer as of such date.

(jj) "Term" will have the meaning set forth in Article III.

(kk) "Trust Account" will have the meaning set forth in Article XV.

(ll) "Trust Agreement" will have the meaning set forth in Article XV.

ARTICLE VI

REINSURANCE PREMIUM; COMMISSION

Section 6.01 Initial Premium. As initial consideration for the reinsurance provided hereunder, on or before the Effective Date, the Company will transfer to the Reinsurer an amount equal to the Quota Share Percentage of the unearned premium reserve held by the Company as of the Effective Date attributable to all of the Policies, net of Other Reinsurance, and as set forth in each applicable Monthly Report (the "Initial Premium").

Section 6.02 Future Premium. The Reinsurer shall be entitled to premium hereon equal to the Quota Share Percentage of Net Written Premium received by the Company during the Term unless already included in the unearned premiums reserve paid in Section 6.01 and as set forth in each applicable Monthly Report net of Other Reinsurance (together with the Initial Premium, "Ceded Premium"). It is understood and agreed that (a) the Reinsurer will bear the risk of uncollected premium solely to the extent that the failure to collect is a direct result of any act or omission of the Reinsurer and (b) the Reinsurer shall not be entitled to premium not collected by the Company due to lender or servicer fraud.

Section 6.03 Ceding Commission. The Reinsurer will allow the Company a ceding commission in an amount equal to [●] of Ceded Premium.

Section 6.04 Transfer Pricing Analysis. The Parties will undertake an independent "transfer pricing" analysis and will make (on a retroactive basis, to the beginning of the applicable underwriting year) such changes to the ceding commission or other related provisions which the transfer pricing analysis indicates are appropriate.

ARTICLE VII

NET LOSSES

Section 7.01 The Reinsurer shall promptly reimburse the Company, in accordance with Section 8.03, for its applicable Quota Share Percentage of Net Losses paid or payable by the Company in respect of the Policies, net of recoveries under Other Reinsurance, as set forth on each applicable Monthly Report subject to the Limit of Liability.

Section 7.02 Exclusion. Any Loss resulting from dishonesty or fraud on the part of the Company, its employees, agents or representatives shall be excluded from coverage hereunder.

ARTICLE VIII

REPORTS AND REMITTANCES

Section 8.01 Quarterly Loan Report. Within thirty (30) days following the end of each calendar quarter, the Company shall provide the Reinsurer a report that sets forth a loan by loan data file in respect of the Policies, substantially in a form agreed upon by the Parties (each, a "Loan Report") or as otherwise agreed by the Parties, containing the following, as of the end of such calendar quarter:

- (a) inception to date gross premiums written,
- (b) inception to date net premiums written,
- (c) unearned premium reserves,
- (d) loans in arrears and the number of days delinquent,
- (e) inception to date gross claims paid,
- (f) inception to date net claims paid,
- (g) gross loss reserves,
- (h) net loss reserves,
- (i) loan data including loan purpose, occupancy, loan type, amortization type, loan amount, FICO scores, loan-to-value, debt-to-income, metropolitan statistical area and coverage level,
- (j) the Required Balance for such quarter, and
- (k) such additional information as the Reinsurer may reasonably request.

Section 8.02 Monthly Report. Within thirty (30) days following the end of each calendar month, the Company shall provide the Reinsurer a report substantially in a form agreed upon by the Parties (each, a "Monthly Report"), containing the following, as of the end of such calendar month:

- (a) Net Written Premiums,
- (b) Ceded Premiums,
- (c) Loss,
- (d) Loss Adjustment Expenses,
- (e) Net Losses,
- (f) recoveries, salvages and/or subrogations,
- (g) loan data including loan purpose, occupancy, loan type, amortization type, loan amount, FICO scores, loan-to-value, debt-to-income, metropolitan statistical area and coverage level,
- (h) ceding commission, and
- (i) such additional information as the Reinsurer may reasonably request.

Section 8.03 Monthly Settlement. All amounts due to be paid to the Company or the Reinsurer under this Agreement shall be determined on a net basis, giving full effect to Article XVII. Each net amount as shown on a Monthly Report as being due shall be paid by the

Reinsurer to the Company, or by the Company to the Reinsurer, as applicable, no later than fifteen (15) days following the delivery of the Monthly Report. For the avoidance of doubt, all amounts to be paid by and to the Company shall be net of amounts paid or received with respect to the Other Reinsurance.

ARTICLE IX

SETTLEMENTS; FOLLOW THE FORTUNES; NET RETENTION

Section 9.01 Settlements. The Company will have the right and the obligation to adjust, settle or compromise all claims under the Policies, except as otherwise provided in Section 7.02 and with respect to Extra Contractual Obligations (other than Covered ECOs), and all loss settlements made by the Company shall be binding upon the Reinsurer.

Section 9.02 Follow the Fortunes. Except as otherwise set forth herein, with respect to the Policies the Reinsurer's liability will attach simultaneously with that of the Company, and all cessions to the Reinsurer by virtue of this Agreement will be subject in all respects to the same risks, terms, conditions, interpretations, assessments, waivers, modifications, alterations and cancellations as the respective insurance of the Company to which the cessions relate, the true intent of this Agreement being that, except as otherwise provided in Section 7.02 and with respect to Extra Contractual Obligations (other than Covered ECOs), the Reinsurer will, in every case to which this Agreement applies and in the proportions specified herein, follow the fortunes of the Company in respect of risk the Company has accepted under the Policies.

ARTICLE X

SALVAGE AND SUBROGATION

Unless the Company and the Reinsurer agree to the contrary, the Company will use commercially reasonable efforts to recover, and pursue its right to salvage and/or subrogation and shall do so without regard to whether the Reinsurer will indemnify the Company in relation thereto. The Reinsurer will be credited with its applicable Quota Share Percentage of salvage and/or subrogation in respect of claims and settlements under this Agreement, less its applicable Quota Share Percentage of recovery expense. If the amount recovered exceeds the recovery expense, such expense will be borne by each Party in proportion to its benefit from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) will be applied to the reimbursement of recovery expense and the remaining expense will be borne by each Party in proportion to its liability for Net Losses before recovery was attempted. The provisions of this Article shall survive the termination of this Agreement.

ARTICLE XI

ACCESS TO RECORDS

Section 11.01 During such period as this Agreement remains in effect or for as long thereafter as any rights or obligations of the Parties survive, the Company will, upon ten (10) Business Days' prior notice and during normal business hours and subject to the rules applicable to visitors at the Company's offices generally, afford the Reinsurer and its duly designated representatives the right to examine and make copies, at the Reinsurer's expense, of any books or records of the Company pertaining to the Policies.

Section 11.02 The inclusion of this Article does not operate as a waiver of any privilege associated with any communications or records that are the subject matter of this Article.

ARTICLE XII

CONFIDENTIALITY AND PRIVACY

Section 12.01 Use of Confidential Information. The Company and the Reinsurer acknowledge that they will have access to confidential and proprietary information concerning the other Party and its businesses, which information is not readily available to the public, and acknowledge that the Company and the Reinsurer have taken and will continue to take reasonable actions to ensure such information is not made available to the public.

Section 12.02 Privacy Requirements. Each Party acknowledges that, pursuant to Privacy Laws, the Party is required to obtain certain undertakings from each other with respect to the privacy, use and protection of Nonpublic Personal Information. Notwithstanding anything to the contrary contained herein, each Party covenants that, with respect to any Nonpublic Personal Information, such Party, its Affiliates and their respective subcontractors shall (a) comply with all applicable Privacy Laws; (b) keep all Nonpublic Personal Information confidential and not disclose or use any Nonpublic Personal Information except only to the extent necessary to exercise its rights or perform its obligations hereunder; (c) when acting as a data processor, only process Nonpublic Personal Information in accordance with the instructions of the Company; (d) except with respect to the provision of administrative services in connection with this Agreement or as otherwise agreed by the Parties, not disclose any Nonpublic Personal Information to any other person without the prior written consent of the other Party and an agreement in writing from such other person to comply, among other things, with the terms of this section; and (e) maintain (and cause all third persons consented to by the other Party to receive Nonpublic Personal Information in accordance with the foregoing subsection (d) to maintain) adequate administrative, technical and physical safeguards to ensure the security and confidentiality of all Nonpublic Personal Information. Each Party hereto agrees to notify the other by sending an email to the General Counsel of the other Party, with a copy to the CEO of the other Party, within twenty-four (24) hours after such Party becomes aware of a breach, or threatened breach, of any Privacy Laws or unauthorized access to its, or a third party's, computer systems and/or personal data with respect to the Policies. The Party providing notice of such breach or threatened breach shall set forth in detail the nature of the security breach and the measures taken by such Party to cure the breach. The Company and the Reinsurer will thereafter jointly decide what action to take, which may include, but not be limited to, notifying the appropriate state reporting agency. All websites established or maintained by each Party that are accessible to individuals contain privacy statements advising them how their Nonpublic Personal Information will be used, collected, stored and protected. Each Party does not store or maintain Nonpublic Personal Information received via its website, except in a manner consistent with its published privacy policies and in a manner that provides safe and secure storage and protection of such Nonpublic Personal Information.

ARTICLE XIII

INSOLVENCY

In the event of the insolvency of the Company, the reinsurance under this Agreement shall be payable directly to the Company or to its liquidator, receiver, conservator or statutory

successor immediately upon demand, with reasonable provision for verification, on the basis of the liability of the Company without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator or statutory successor of the Company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the Company shall give written notice to the Reinsurer of the pendency of a claim against the Company indicating the Policy reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

ARTICLE XIV

ARBITRATION

Section 14.01 Any dispute arising out of the interpretation, performance or breach of this Agreement, including the formation or validity thereof, will be submitted for decision to a panel of three arbitrators. Notice requesting arbitration will be in writing and sent certified or registered mail, return receipt requested.

Section 14.02 One arbitrator will be chosen by each Party and the two arbitrators will then choose an impartial third arbitrator who will preside at the hearing. If either Party fails to appoint its arbitrator within thirty (30) days after being requested to do so by the other Party, the latter, after ten (10) days' prior notice by certified or registered mail of its intention to do so, may appoint the second arbitrator.

Section 14.03 If the two arbitrators do not agree on a third arbitrator within sixty (60) days of their appointment, the third arbitrator will be chosen in accordance with the procedures for selecting the third arbitrator in force on the date the arbitration is demanded, established by the AIDA Reinsurance and Insurance Arbitration Society - U.S. (ARIAS - U.S.). The arbitrators will be persons knowledgeable about insurance and reinsurance who have no personal or financial interest in the result of the arbitration. If a member of the panel dies, becomes disabled or is otherwise unwilling or unable to serve, a substitute will be selected in the same manner as the departing member was chosen and the arbitration will continue.

Section 14.04 Within thirty (30) days after all arbitrators have been appointed, the panel will meet and determine timely periods for briefs, discovery procedures and schedules of hearings. The arbitration shall be confidential.

Section 14.05 The panel will be relieved of all judicial formality and will not be bound by the strict rules of procedure and evidence. The arbitration will take place in New York, New York or at such other place as the Parties will agree. The decision of any two arbitrators will be in writing and will be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

Section 14.06 The panel will interpret this Agreement as an honorable engagement rather than as merely a legal obligation and will make its decision considering the

custom and practice of the applicable insurance and reinsurance business as promptly as possible after the hearings. Judgment upon an award may be entered in any court having jurisdiction thereof.

Section 14.07 Each Party will bear the expense of its own arbitrator and will jointly and equally bear with the other Party the cost of the third arbitrator. The remaining costs of the arbitration will be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys' fees, to the extent permitted by law.

Section 14.08 The duty to arbitrate shall survive the cancellation or termination of this Agreement. All applicable statutes of limitation shall be tolled while arbitration under this Article is pending. The Parties will take such actions, if any, required to effectuate such tolling.

ARTICLE XV

COMPLIANCE WITH LAWS; CREDIT FOR REINSURANCE

Section 15.01 Credit for Reinsurance; Reserves.

(a) The Parties intend that the Company be able to recognize the reinsurance ceded under this Agreement in its statutory financial statements filed in the Company's state of domicile ("Credit"). The Parties agree to make all reasonable efforts to ensure that this is accomplished.

(b) From and after the Effective Date, the Company agrees that when it shall file its statutory statement with the insurance regulatory authority or establish on its books reserves (including contingency reserves) in respect of the Policies which it shall be required by law to set up, it will forward to the Reinsurer a statement showing the proportion of such reserves (based on the applicable Quota Share Percentage) which is applicable to the Reinsurer. The Company agrees that any such filing shall be prepared in good faith and consistent with applicable reserve requirements, statutory accounting rules, regulations and actuarial principles under applicable law. The Reinsurer hereby agrees to establish its proportionate share based on the Quota Share Percentage of all such reserves on its books for the Company to receive full Credit under this Agreement ("Reinsurer Reserves"). Notwithstanding the foregoing, the Parties agree that the Reinsurer shall be able to utilize (through release, withdrawal or otherwise) the contingency reserves established by the Reinsurer in accordance with the provisions of Wisconsin Insurance Regulation 3.09 to the extent such provisions are applicable to the Reinsurer or the Trust Account, including to reimburse the Company for its applicable Quota Share Percentage of Net Losses pursuant to Section 8.03, and such utilization shall be determined without regard to the ability of the Company to utilize any such contingency reserves.

Section 15.02 Security. As the Reinsurer is not licensed or accredited in the Company's state of domicile, the Reinsurer shall establish and maintain security, at its sole expense, in the amount of the Required Balance in accordance with the remaining provisions of this Section 15.02 and in accordance with the applicable requirements of Wisconsin Insurance Regulation 3.09.

(a) The Reinsurer shall provide collateral by posting assets in a trust account (the "Trust Account") or by providing a letter of credit (the "Letter of Credit").

(b) When collateralizing by posting assets in a Trust Account, the Reinsurer agrees that the Trust Account will be a segregated account and the Reinsurer shall maintain Eligible Assets in the Trust Account with an aggregate fair market value equal to or greater than the Required Balance. The Trust Account shall be held by a trustee which is domiciled in Wisconsin or is otherwise approved by the Commissioner and shall operate pursuant to the terms of a trust agreement (the "Trust Agreement") to be entered into on or prior to the Effective Date. The Trust Agreement shall be in the Reinsurer's customary form with such changes as are necessary to comply with the applicable provisions of Wisconsin Insurance Regulation 3.09 (including, without limitation, subsection (7m)) and as are otherwise required by the Commissioner.

(c) When collateralizing by a Letter of Credit, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional Letter of Credit issued by a bank and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such Letter of Credit shall be issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless thirty (30) days (sixty (60) days where required by insurance regulatory authorities) prior to any expiration date the issuing bank shall notify the Company by certified or registered mail that the issuing bank elects not to consider the Letter of Credit extended for any additional period.

(d) The Reinsurer and Company agree that the Trust Account or the Letter of Credit provided by the Reinsurer pursuant to the provisions of this Agreement may be drawn upon at any time, notwithstanding any other provision of this Agreement, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company solely for the following purposes:

(i) to reimburse the Company for the Reinsurer's obligations under this Agreement, the payment of which is due under the terms of this Agreement and which has not been otherwise paid;

(ii) to make refund to the Reinsurer of any sum paid to the Company by the Reinsurer which is in excess of the actual amount required to pay the Reinsurer's obligations under this Agreement;

(iii) to pay the Reinsurer's share of any other amounts that the Company claims are due and unpaid under this Agreement; or

(iv) solely with respect to a Trust Account, where the Company has received notification of termination of the Trust Account and where the Reinsurer's obligations under this Agreement remain unliquidated and undischarged ten (10) days prior to the termination date, to withdraw amounts equal to such Reinsurer's obligations and deposit those amounts in a separate account in the name of the Company in any qualified fiduciary United States financial institution apart from the Company's general assets and in trust for the uses and purposes under this Agreement.

(e) In the event the amount drawn by the Company from the Trust Account or on any Letter of Credit is in excess of the actual amount determined to be due, the Company shall promptly return to the Trust Account, in the case of a withdrawal from the Trust Account or,

in the case of a draw on a Letter of Credit, to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

(f) The trustee bank for the Trust Account or the issuing bank for the Letter of Credit shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

(g) Within thirty (30) days following a Measurement Date, the Company shall deliver to the Reinsurer a specific statement of the Required Balance for such Measurement Date computed in accordance with the terms hereof.

(i) If the statement shows that the Required Balance exceeds the aggregate fair market value of the Eligible Assets in the Trust Account and, if permitted by the terms hereof, the face amount of the Letter of Credit as of the Measurement Date, the Reinsurer shall, within fifteen (15) days after receipt of notice of such excess, deposit Eligible Assets in the Trust Account and/or, if permitted by the terms hereof, secure delivery to the Company of an amendment to the Letter of Credit increasing the face amount by the amount of such difference.

(ii) If, however, the statement shows that the Required Balance is less than 102% of the aggregate fair market value of the Eligible Assets in the Trust Account together with, if permitted by the terms hereof, the face amount of the Letter of Credit as of the Measurement Date, the Company shall, within fifteen (15) days after receipt of written request from the Reinsurer, allow the release of assets from the Trust Account with an aggregate fair market value no greater than such excess and/or, if permitted by the terms hereof, agree to secure an amendment to the Letter of Credit to reduce the face amount by the amount of such excess.

ARTICLE XVI

TAXES

Any taxes (but not including (i) any taxes based on or imposed on, in whole or in part, the Reinsurer's net income or (ii) any excise taxes under Section 4371 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the Business Reinsured imposed by any governmental authority in respect of amounts paid to the Reinsurer under this Agreement will be the responsibility of the Company (net to its own account and without deduction from any amounts due the Reinsurer) and the Reinsurer shall have no liability therefor. The Company agrees to assume and honor all obligations in respect of such amounts and is solely responsible for the payment of such taxes to the appropriate governmental authorities and the Company will indemnify and hold harmless the Reinsurer against any such taxes. The Company shall be responsible for reporting and remitting payment of any excise taxes imposed under Section 4371 of the Code with respect to the Business Reinsured; the Reinsurer, in turn, agrees to indemnify and hold the Company harmless in respect of such excise taxes.

ARTICLE XVII

OFFSET AND RECOUPMENT

Section 17.01 The Company or the Reinsurer have and may exercise, at any time and from time to time, the right to offset or recoup any undisputed balance or balances whether on account of premiums or Loss, due from one Party to the other Party under this Agreement.

Section 17.02 This Article will continue to apply without diminution notwithstanding liquidation, insolvency, rehabilitation, conservation, supervision or similar proceeding by or against either the Company or the Reinsurer.

ARTICLE XVIII

ASSIGNMENTS

Neither Party may assign or transfer any rights, interest or obligations under this Agreement and the Company may not assign any rights, interest or obligations under the Policies to any person or entity without the prior written consent of the other Party and any effort to so assign such rights, interests or obligations without the prior written consent of the other Party shall be null and void.

ARTICLE XIX

MISCELLANEOUS

Section 19.01 Notices. All notices and communications hereunder shall be in writing and shall become effective when received. Any written notice shall be by either certified or registered mail, return receipt requested, or overnight delivery service (providing for delivery receipt) or delivered by hand. All notices or communications under this Agreement shall be addressed as follows:

If to the Company:

CMG Mortgage Insurance Company

Address: 3003 Oak Road
Walnut Creek, CA 94597
Telephone: [•]
Facsimile: [•]
Attention: General Counsel and CEO

If to the Reinsurer:

Arch Reinsurance Ltd.

Address: 3rd Floor
45 Reid Street
Hamilton, HM12
Bermuda

Telephone: 441-278-9200
Facsimile: 441-278-9230
Attention: President and CEO

or to such other address or to such other person as either Party may have last designated by notice to the other Party.

Section 19.02 Severability. If any provision of this Agreement will be rendered illegal or unenforceable by the laws, regulation or public policy of any jurisdiction, the Parties agree to reform such provision as it applies to such jurisdiction, but only to the extent required to conform to the applicable statute or regulation, and to reform such other terms and provisions of this Agreement (if any) which are affected by the illegality or unenforceability of such provision.

Section 19.03 No Third Party Beneficiaries. This Agreement is solely between the Company and the Reinsurer. The acceptance of reinsurance hereunder shall not create any right or legal relation whatsoever between the Reinsurer and any policyholder or any beneficiary under any business reinsured hereunder.

Section 19.04 Delay, Errors, or Omissions. Any inadvertent delay, omission, or error of a transcriptional nature will not relieve either Party from any liability which would attach to it hereunder if such delay, omission, or error had not been made, providing any such delay, omission, or error is rectified promptly upon discovery.

Section 19.05 Entire Agreement. This Agreement (including the Exhibits attached hereto) and any other documents delivered pursuant hereto or thereto, contains the entire agreement between the Parties relating to the subject matter hereof and supersedes and replaces all oral statements and prior writings with respect thereto.

Section 19.06 Utmost Good Faith. The relationship of the Parties with respect to the matters covered by this Agreement shall be in accordance with the principles of utmost good faith and fair dealing.

Section 19.07 Amendments. This Agreement may be altered or amended in any of its terms and conditions by mutual consent of the Company and the Reinsurer and only with the prior approval of the Commissioner. Such alteration or amendment may either be by addenda or by an exchange of letters, in each case signed by the Parties; such addenda or letters will then constitute a part of this Agreement.

Section 19.08 Certain Information Concerning Reinsurer. If ordered to do so by the Commissioner, the Reinsurer shall provide information concerning its financial condition to the Commissioner. The Reinsurer hereby agrees to notify the Commissioner in the event there is a material adverse change to the financial condition of the Reinsurer since the Effective Date.

Section 19.09 Currency. All accounts will be rendered, payments made and monetary limits expressed hereunder in United States Dollars.

Section 19.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which taken together constitute one and the same instrument.

Section 19.11 Survival. Notwithstanding the expiration or termination of this Agreement, the provisions of this agreement will continue to apply to all obligations and liabilities of the parties incurred hereunder until all such obligations and liabilities are fully performed and discharged.

Section 19.12 Rights and Remedies Not Exclusive. No right or remedy set forth in this Agreement is exclusive of any other right or remedy but will be in addition to every other right or remedy given under this Agreement or existing now or hereafter in law or equity.

Section 19.13 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to principles of choice of law or conflicts of laws.

Section 19.14 Headings. All Article headings in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

Section 19.15 Incontestability. In consideration of the mutual covenants and agreements contained herein, each Party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not contest the validity or enforceability hereof.

(The remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

Signed this _____ day of _____.

CMG MORTGAGE INSURANCE COMPANY

By: _____

Title: _____

ARCH REINSURANCE LTD.

By: _____

Title: _____

EXHIBIT A
OTHER REINSURANCE

1. [Quota Share Reinsurance Agreement between the Company and PMI Insurance Co., effective as of [●], pursuant to which the Company reinsures on a quota share basis [●] of new insurance written (both bank and credit union) to PMI Insurance Co. with up to a maximum of [●] of new insurance written. This is a 7 year agreement with a [●] ceding commission.]

2. [Quota Share Reinsurance Agreement between the Company and [the CUNA Mutual Insurer], effective as of [●], pursuant to which the Company reinsures on a quota share basis [●] of credit union only new insurance written in 2014, 5% in 2015 and 7.5% in 2016 and thereafter. There is a [●] ceding commission.]