

MGIC Master Policy Endorsement Arbitration and Governing Law – Puerto Rico



Mortgage Guaranty Insurance Corporation
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P.O. Box 488, Milwaukee, Wisconsin 53201

The provisions of this endorsement shall apply if the principal place of business of the Initial Insured, as designated on the Declaration Page to the Master Policy, is located in Puerto Rico. Capitalized terms not otherwise defined herein shall have the meaning set forth in such Master Policy.

Section 15 *Section 15.1 (Arbitration)* of the Policy is hereby amended by deleting such section in its entirety and replacing it with the following:

15.1 Arbitration

If any controversy, dispute or other assertion of liability or rights arises out of or relates to this Policy, including the breach, interpretation or construction thereof, such controversy, dispute or assertion of liability or rights will be settled by arbitration if arbitration is agreed to, voluntarily, by the Insured and the Company. Any such arbitration under this Policy will be conducted in accordance with the Commercial Rules of the American Arbitration Association in effect on the date the arbitration is agreed to, or if such rules are not then in effect, such other rules of the American Arbitration Association as we may designate as replacement rules. If the Insured's principal place of business is in Puerto Rico, the locale for the arbitration and for all related hearings or other in person proceedings will be Puerto Rico. If the Insured's principal place of business is not located in Puerto Rico, unless the parties otherwise agree, the seat of arbitration and all related hearings and in person proceedings will be Milwaukee, Wisconsin. Except to the extent otherwise approved by the Company, each arbitration proceeding will be confidential.

The arbitrator(s) will be neutral person(s) selected from the American Arbitration Association's National Panel of Arbitrators. If possible, the arbitrator(s) will be familiar with the mortgage lending or mortgage insurance business. Any proposed arbitrator may be disqualified during the selection process, at the option of any party to the arbitration, if they are, or during the previous two years have been, an employee, officer, director or consultant of any mortgage insurer, of any entity engaged in the Origination, purchase, sale or servicing of mortgage loans or mortgage-backed securities, or of any Person that is an affiliate of such an insurer or entity. Any proposed arbitrator may be disqualified during the selection process by the Company if such arbitrator has served as an arbitrator in any arbitration involving the Company or another mortgage insurer.

No arbitration may, without our consent, be brought with respect to Loans insured under different forms of master policies of ours unless the Initial Insured is the same under all such master policies. All arbitrations will be conducted only on an individual Loan basis and not in a class or representative action or as a named or unnamed member in a class, consolidated, representative or private attorney general

legal action, nor will any arbitration use statistical sampling as a means of proof against us, unless in each case we consent following initiation of the arbitration. The Agreement by the Company to arbitrate and any consent under either of the preceding two sentences must be in writing and be given by an officer of the Company whose primary job responsibility is for legal matters. Upon our request, the American Arbitration Association or arbitrator(s) will consolidate into one proceeding separate arbitrations that arise under this Policy or different master policies. In the event of consolidation, all arbitrators will be appointed pursuant to the applicable American Arbitration Association rules.

Section 18 *Section 18 (Governing Law: Conformity to Statute)* of the Policy is hereby amended by deleting such section in its entirety and replacing it with the following:

All matters arising under or relating to this Policy will be determined exclusively in accordance with the laws of Puerto Rico applicable to contracts made and to be performed in such state, without regard to any choice of law provisions. Any provision of this Policy which is in conflict with law that governs this Policy is hereby amended to conform to the minimum requirements of that law, it being the intention of the Initial Insured and the Company that the specific provisions of this Policy will be controlling whenever possible.