

**QUOTA SHARE
REINSURANCE CONTRACT**
Effective April 1, 2014
(the "Contract")

entered into by and between

[REDACTED]
[REDACTED]
(hereinafter collectively referred to as the "Company")

and

[REDACTED]
(hereinafter referred to as the "Reinsurer")

Collectively, the Company and the Reinsurer may be referred to as the "parties" and individually, each may be referred to as the "party." Certain capitalized terms appearing in but not defined in this Contract that are defined in the Policy (as defined below), the Assumption of Liability Endorsement (*i.e.*, the "Endorsement"), or the Collateral Trust Agreement shall have the meaning set forth therein.

ARTICLE 1

BUSINESS COVERED & QUOTA SHARE CESSION

- A. The Company will cede to the Reinsurer, and the Reinsurer will accept from the Company, a [REDACTED] quota share of the Company's 100% share in the interests and liabilities (*i.e.*, the "Business Covered") arising out of directly or indirectly, in whole or in part or in connection with the aggregate excess of loss insurance policy [REDACTED], effective April 1, 2014 (hereinafter referred to as the "Policy") issued to the Federal Home Loan Mortgage Corporation, McLean, Virginia (hereinafter referred to as the "Original Insured").
- B. A copy of the Policy, the Assumption of Liability Endorsement and the Collateral Trust Agreement are attached to, form part of, and are incorporated into this Contract as Exhibit A, Exhibit B and Exhibit C, respectively.

ARTICLE 2

COMMENCEMENT AND TERMINATION

- A. This Contract shall become effective at 12:01 a.m., Eastern Daylight Time, April 1, 2014, with respect to the Company's liability arising out of directly or indirectly, in whole or in part

or in connection with the Policy, and shall continue in force thereafter until the Policy is terminated.

- B. The liability of the Reinsurer shall follow that of the Company under the provisions of the Policy.

ARTICLE 3

CONCURRENCY OF TERMS; FOLLOW THE FORTUNES

- A. Without limiting the generality of the COMMENCEMENT AND TERMINATION Article, the liability of the Reinsurer will commence obligatorily and simultaneously with that of the Company under the Policy, and will be subject in all respects to the same rates, terms, clauses, conditions, interpretations, alterations, modifications, cancellations and waivers under the Policy. The Reinsurer will indemnify the Company for any liability incurred by the Company that directly or indirectly, in whole or in part, arises out of or in connection with the Policy, the true intent of this Contract being that the Reinsurer will, in every case, follow the settlements and fortunes of the Company.
- B. For the avoidance of doubt, the Reinsurer's liability hereunder will be subject in all respects to the same terms, conditions, interpretations, compromises, waivers, modifications, alterations, cancellations and commutation settlements as contained in or effected with respect to the Policy.
- C. Notwithstanding any other term or condition of this Contract, should any regulatory or other legal restriction require modification of the Policy, the liability of the Reinsurer will follow that of the Company.
- D. In the event of a conflict between any term, operating procedure (including any timing requirement) or provision of this Contract and any term, operating procedure (including such timing requirement) or provision of the Policy, the Policy shall prevail.
- E. The Company agrees to transmit all notices and information pertaining to the subject matter of this Contract to the Reinsurer as promptly as possible; but in no event later than ten (10) Business Days after receipt thereof from the Original Insured.

ARTICLE 4

PARTIES TO THE CONTRACT; EXPRESS INTENDED THIRD-PARTY BENEFICIARY

- A. This Contract is solely between the Company and the Reinsurer. When more than one Company is named as a party to this Contract, the first Company named will be the agent of the other companies as to all matters pertaining to this Contract. Performance of the obligations of each party under this Contract will be rendered solely to the other party. Except as otherwise provided in this Contract, in no instance will any other party have any rights under this Contract.

- B. The foregoing notwithstanding and with the express exception of the SPECIAL TERMINATION and UNAUTHORIZED REINSURANCE Articles, the Original Insured is an express intended third-party beneficiary of this Contract for purposes of enforcing its rights under this Contract pursuant to the REPORTS AND REMITTANCES; SUBORDINATION and ALTERNATE PAYEE Articles. Otherwise, no liability to any third party is created hereunder.
- C. The rights and obligations of the parties to this Contract will not be affected by the termination of this Contract and all necessary transactions relating to this Contract will continue in accordance with the terms and conditions stipulated herein until all obligations of each party to the other are fully concluded.

ARTICLE 5

COVERED AMOUNTS

The Reinsurer shall be liable for its [REDACTED] quota share of the Company's liability that directly or indirectly, in whole or in part arises out of or in connection with the Policy including, but limited to, the Business Covered and all Covered Amounts paid or payable by the Company under the Policy, including, if applicable, any Covered Amount due to the Original Insured by the Company under the Policy pursuant to the ALTERNATE PAYEE Article.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF THE REINSURER

The Reinsurer hereby agrees, represents and warrants the following as of the effective date hereof:

- A. The Reinsurer is an insurance or reinsurance company duly organized, validly existing and in good standing under the laws [REDACTED] and has all requisite company power and authority to own and lease its properties and to carry on its business as conducted by it.
- B. The Reinsurer is licensed to do an insurance and reinsurance business and possesses the necessary licenses and authorizations to enter into and perform its obligations under this Contract.
- C. The Reinsurer has taken all corporate action required to authorize the execution, and delivery of this Contract and the performance of its obligations thereunder.
- D. The Reinsurer has the corporate power and authority to execute and deliver, and perform its obligations under this Contract.
- E. This Contract, when executed and delivered will constitute a legal, valid and binding obligation of the Reinsurer, enforceable except to the extent that enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar

laws now or hereafter in effect affecting creditors' rights generally and subject to the application of equitable principles and the availability of equitable remedies.

- F. The execution and delivery by the Reinsurer of this Contract and the performance by the Reinsurer hereunder do not and will not require the Reinsurer to possess, obtain, make, provide or deliver any consent, waiver, approval, license, permit, order, designation or authorization of, notice to, or registration, filing, qualification or declaration with, any Governmental Entity or other Person, other than (i) any of which have been unconditionally obtained or effected (as appropriate) and are in full force and effect or (ii) any of which the failure to possess, obtain, make, provide or deliver do not or will not, individually or together with any one or more such other failures, result in the Company or the Original Insured incurring any liability, or have a material adverse effect on (a) the ability of the Reinsurer to perform and comply with its respective obligations under this Contract or (b) the consummation of the transactions contemplated under this Contract.
- G. The Reinsurer is, and will use its best efforts to remain, in compliance at all times and in all material respects with all applicable laws, including but not limited to the insurance laws of its domiciliary jurisdiction.
- H. The Reinsurer meets all financial solvency and regulatory requirements of its domiciliary jurisdiction and has not received notice from any insurance regulatory body raising questions with respect to its financial condition or seeking restrictions on its licensing status.
- I. The Reinsurer is solvent, including all applicable standards of its domicile.
- J. There are no pending or, to the Reinsurer's knowledge, threatened actions, suits, investigations or proceedings ("Proceedings") by or against it which are material to its business, at law or in equity or otherwise before any court, tribunal, agency, official, arbitrator or other Governmental Entity and the Reinsurer has not been the subject of any such Proceedings in the last two years.
- K. The Reinsurer has such knowledge and experience in financial, business and insurance matters that it is capable of evaluating the merits and risks of this reinsurance transaction. It has conducted its own independent review and analysis of the underwriting risk and acknowledges and agrees that it has received sufficient information for this purpose.
- L. The Reinsurer acknowledges and agrees that both the Company and the Original Insured are relying upon the representations and warranties of the Reinsurer set forth above.

ARTICLE 7

EXCLUSIONS

This Contract does not apply to and specifically excludes any loss or liability arising from any exposure not insured or otherwise not covered by the Policy.

ARTICLE 8

SPECIAL TERMINATION

- A. The Company may terminate the Reinsurer's quota share participation in this Contract at any time by giving written notice to the Reinsurer and the Original Insured in the event of any of the following circumstances:
1. A State Insurance Department or other legal authority orders the Reinsurer to cease writing business or has imposed upon it any other restrictions on or conditions relating to the Reinsurer's license or conduct of business in any jurisdiction; or
 2. The Reinsurer becomes insolvent or is placed into liquidation or receivership (whether voluntary or involuntary), or there are instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or
 3. The Reinsurer's policyholders' surplus (or the equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Company, has been reduced by 20% or more of the amount thereof at any date during any 12-month period (including the period prior to the inception of this Contract); or
 4. The Reinsurer enters into a definitive agreement to become merged with, acquired, or controlled by any unaffiliated company, corporation, or individual(s) not controlling the Reinsurer's operations at the inception of this Contract and results in a Credit Rating Downgrade (as defined immediately below); or
 5. The Reinsurer's financial strength rating is subject to an official rating action by Standard & Poor's downgrading of that Reinsurer [REDACTED] or A.M. Best Company downgrading of that Reinsurer [REDACTED] (a "Credit Rating Downgrade"); or
 6. The Reinsurer announces intentions to cease underwriting operations; or
 7. The Reinsurer voluntarily ceases underwriting operations; or
 8. The Reinsurer reinsures all, or substantially all, of its liability under this Contract, other than to an affiliate of the Reinsurer as of the effective date of this Contract; provided however, that any such affiliate is a duly licensed insurance company that has authority to reinsure the Policy and has an official rating by Standard & Poor's of [REDACTED] or A.M. Best Company of [REDACTED]; or
 9. The Reinsurer, directly or through the actions of a parent company or an affiliated entity, attempts to assign, novate, or transfer the Reinsurer's rights and/or obligations under this Contract, including any attempt to transfer their rights and/or obligations under any U.S. or foreign statute, legislation, or jurisprudence, without the Company's prior written consent; or

10. The Reinsurer, directly or through the actions of a parent company or an affiliated entity, invokes any U.S. or foreign statute, legislation, or jurisprudence which purports to enable the Reinsurer to require the Company to settle its liabilities, including but not limited to any estimated or undetermined claims liabilities under this Contract, on an accelerated basis. This condition does not apply to any attempt to enforce a settlement of liabilities under a commutation process to which the parties have agreed; or
11. The Reinsurer has hired an unaffiliated run-off claims manager for the Business Covered hereunder that is compensated on a contingent basis or is otherwise provided with financial incentives based on the quantum of claims paid; or
12. The Reinsurer fails to remit payment hereunder in accordance with paragraph B of the REPORTS AND REMITTANCES Article; or
13. The Reinsurer fails to provide adequate funding in accordance with the COLLATERAL TRUST ACCOUNT Article; or
14. The Reinsurer has failed to meet any of the conditions set forth in the REPRESENTATIONS AND WARRANTIES OF THE REINSURER Article.

B. Remedies:

1. If one or more of the circumstances enumerated above occur, the Company may elect to terminate the Reinsurer's participation on a cut-off basis.
2. Should the Reinsurer's financial strength rating, as issued by Standard & Poor's, be downgraded [REDACTED] the Company may terminate the Reinsurer's participation on a cut-off basis as per subparagraph B(1) above or require that the Reinsurer, within five (5) business days following the Company's written demand for such, place into a separate trust for the sole benefit of the Company (per the UNAUTHORIZED REINSURANCE Article) an amount of Eligible Assets equal to the Reinsurer's quota share of that percentage corresponding to the Reinsurer's revised financial strength rating, as set forth in the table below, multiplied by the Company's obligation to collateralize the Security Amount corresponding to the Class M-1 Reference Tranche.

S&P Revised Financial Strength Rating	Collateral Funding Requirement (M-1 Tranche)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

- C. In the event the Reinsurer's participation is terminated pursuant to this SPECIAL TERMINATION Article, any amounts held in trust shall remain in trust until all losses, both known and Incurred But Not Reported (IBNR) as determined by the Company in order to comply with statutory reporting requirements at date of termination, are finally settled.
- D. The options set forth in this Article shall survive the termination of this Contract.

ARTICLE 9

CANCELLATION

- A. The Company may cancel this Contract upon cancellation of the Policy.
- B. No cancellation by the Reinsurer is permitted except for non-payment by the Original Insured of the Policy premium.
- C. This Contract may be cancelled by the Reinsurer pursuant to Article 9(B) above by sending written notice to the Company and the Original Insured stating when, not less than thirty (30) days thereafter, the cancellation shall be effective. Confirmation by the relevant courier of delivery of such notice shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the date of cancellation hereunder, unless payment of the Policy premium is made to the Company prior to this specified date of cancellation, in which case this Contract shall continue in full force and effect.
- D. Cancellation of this Contract in accordance with any of the SPECIAL TERMINATION Article provisions shall not prejudice any rights of the Company or the Reinsurer existing prior to the effective date of such cancellation.

ARTICLE 10

PREMIUM AND COMMISSION

- A. The Company will cede to the Reinsurer [REDACTED] of the gross premiums paid to the Company under the Policy.
- B. The Reinsurer shall allow the Company commissions equal to the following:
[REDACTED]
[REDACTED]
- C. The premium due the Reinsurer (less commission thereon) shall be remitted by the Company as promptly as possible; provided, however in no event later than ten (10) Business Days after the Company receives its share of premiums under the Policy.

ARTICLE 11

COLLATERAL TRUST ACCOUNT

A. Scope

1. As security for the performance of its obligations under this Contract, the Reinsurer shall establish and fund, within thirty (30) days after the Effective Date, a trust account for the benefit of the Company and the Original Insured ("Collateral Trust Account").
2. The Collateral Trust Account shall be subject in all respects to the Policy, this Contract and the trust agreement entered into by and between the parties, the trustee and the Original Insured (the "Collateral Trust Agreement"). A copy of the Collateral Trust Agreement is attached to, forms part of, and is incorporated into this Contract as Exhibit C. Only Eligible Assets (as defined herein) shall be deposited into the Collateral Trust Account. In the event of a conflict between the three documents, the Policy shall take priority over the Collateral Trust Agreement, and the Collateral Trust Agreement shall take priority over this Contract.
3. Only Eligible Assets (as defined herein) shall be deposited into the Collateral Trust Account.
4. In the event that the Reinsurer does not remit a payment to the Company in accordance with the REPORTS & REMITTANCES; SUBORDINATION Article, the Company may withdraw by the amount of such payment from the Collateral Trust Account, subject to the Original Insured's preferential rights under subsection C of the REPORTS & REMITTANCES; SUBORDINATION Article.

B. Initial Assets

Within thirty (30) days after the Effective Date, the Reinsurer shall deposit or cause to be deposited into the Collateral Trust Account an amount equal to the Collateral Funding Requirement. The Company shall advise the Reinsurer of the amount of Initial Assets as soon as practicable.

C. Adjustments and Withdrawals

1. The balance of assets held in trust (the "Trust Balance") shall be adjusted as soon as practical following the Company's receipt of the Original Insured's statement of Security Amount (pursuant to the Policy) in order to be equal to the Collateral Funding Requirement, as defined below. The amount so determined shall be compared with the then current Trust Balance. Should the Trust Balance fall below the Collateral Funding Requirement, then the Reinsurer shall deposit the difference into the Collateral Trust Account within ten (10) Business Days following receipt of such determination. In the event that the Trust Balance exceeds the Collateral Funding Requirement, then any such excess amounts shall be released to the Reinsurer within ten (10) Business Days following the date of such determination.

2. The Reinsurer hereby agrees and permits the Company, at any time, to withdraw from the Collateral Trust Account any and all amount(s) owed by the Reinsurer to the Company by virtue of this Contract, subject to the Original Insured's preferential rights under the REPORTS AND REMITTANCES; SUBORDINATION Article, and such amount(s) may be utilized by the Company or any legal successor(s) of the Company, including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company, without diminution because of the insolvency on the part of the Company or the Reinsurer.
3. Only the Company may withdraw funds from the Collateral Trust Account, subject to the Original Insured's preferential rights under the REPORTS AND REMITTANCES; SUBORDINATION Article.

D. Collateral Funding Requirement

For the purpose of this Contract, "Collateral Funding Requirement" means an amount equal to:

[REDACTED]

[REDACTED]

[REDACTED]

E. Eligible Assets

1. "Eligible Assets" include cash (United States legal tender), cash equivalents such as certificates of deposit (issued by a United States bank and payable in United States legal tender), U.S. Treasury securities with maturities not to exceed ten (10) years, and highly liquid, widely marketable securities such as other federally guaranteed obligations of a governmental entity or a government-sponsored enterprise, and short-term debt obligations and equities issued by a commercial entity that is rated A or higher by Standard and Poor's or a similarly situated rating agency, provided such securities are issued by an institution that is not the parent, subsidiary or affiliate of either the grantor or beneficiary.
2. Should either the Reinsurer's Insurer Financial Strength Rating (as issued by Standard & Poor's) or Best Rating (as issued by the A.M. Best Company) be downgraded or withdrawn [REDACTED] at any time (whether during the term of this

Contract or thereafter), the Reinsurer agrees that any non-cash Eligible Assets held in the Collateral Trust Account immediately will be converted to cash.

F. Special Termination Application

Should the Company elect to terminate the Reinsurer's participation on a cut-off basis pursuant to subparagraph B(1) of the SPECIAL TERMINATION Article, the Company will provide the Reinsurer with a written statement of the Collateral Funding Requirement (determined in accordance the COLLATERAL TRUST ACCOUNT Article), such statement to constitute the Reinsurer's sole notice hereunder and, if the Trust Balance thereunder is less than the Company's written statement of the Collateral Funding Requirement as of the effective date of termination, the Reinsurer will, within five (5) Business Days, top up the Collateral Trust Account to an amount equal the Collateral Funding Requirement reported by the Company.

ARTICLE 12

REPORTS & REMITTANCES; SUBORDINATION

- A. The Company will provide to the Reinsurer a quarterly report no later than thirty (30) days following the end of each calendar quarter. Said report will provide a summary of the following for the quarter just ended (and cumulative year to date): gross ceded premium, the Company's commission thereon and paid losses, and will also include copies of the monthly reports provided by the Global Agent as identified in the Policy.
- B. Should payment become due from the Reinsurer hereunder, the Company may give the Reinsurer notice of payment made or its intention to make payment on a certain date, and the Reinsurer agrees to remit such payment within five (5) Business Days of such notice, consistent with the payment terms of the Policy as applied to the Company.
- C. Any right of the Company to receive payments from the Reinsurer hereunder (including by means of access to the Collateral Trust Account) is expressly subordinated to the right of the Original Insured to receive payments directly from the Reinsurer and/or the Collateral Trust Account, as the case may be, pursuant to the ASSUMPTION OF LIABILITY Article, the ALTERNATE PAYEE Article, the Collateral Trust Agreement, and the Endorsement.

ARTICLE 13

OFFSET

The Company and the Reinsurer shall have no right to offset any balance or amounts due from one party to the other under the terms of this Contract, except as otherwise provided for in the INSOLVENCY Article.

ARTICLE 14

TAXES

Any tax imposed by any taxing authority on the Reinsurer with respect to this Contract or on any payments made by the Company to the Reinsurer under this Contract shall be borne solely by the Reinsurer.

ARTICLE 15

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

- A. Upon the effective date of FATCA, on or before the effective date of this Contract, and at the latest, five (5) Business Days prior to the first premium cession due date hereunder, following the effective date of FATCA, the Reinsurer shall provide to the Company the FATCA required documentation (including a valid W-8BEN-E or W-9 or such other documentation approved for use by the U.S. Internal Revenue Service as the case may be) that confirms that the Reinsurer is not subject to any withholding.
- B. In the event that the Reinsurer fails to provide the Company with such FATCA required documentation in accordance with paragraph A above, the Company shall withhold 100% of the total reinsurance premium otherwise due such Reinsurer for a period of thirty (30) days, and shall notify the Reinsurer accordingly. If the Reinsurer fails to provide the Company with such FATCA-required documentation upon the expiration of the thirtieth (30th) day, the Company shall withhold from such Reinsurer 30% of the reinsurance premium otherwise due such Reinsurer with respect to U.S. risks for payment to the U.S. Internal Revenue Service in accordance with FATCA. The remaining reinsurance premium shall be ceded to the Reinsurer.
- C. For purposes hereof, (i) interest shall not be assessed against the Company with respect to such premium if ceded after the premium due date hereunder as a result of the Reinsurer's failure to timely provide the Company with its FATCA-compliant documentation; and (ii) such amounts shall not be subject to offset under the OFFSET Article.

ARTICLE 16

CURRENCY

Whenever the word "Dollars" or the "\$" sign appears in this Contract, they will be construed to mean United States Dollars and all transactions under this Contract will be in United States Dollars.

ARTICLE 17

ACCESS TO RECORDS

- A. The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours, except for the following:
1. Materials considered by the Company to be Proprietary or Privileged Materials;
 2. Policy files more than three (3) years after the Contract has been cancelled or has been terminated;
 3. Audit, premium and/or accounting files more than three (3) years after the premium has been calculated; or
 4. Closed claim files more than three (3) years after the claim has been closed.

The Reinsurer shall notify the Company at least fifteen (15) business days prior to inspection of the nature of the inspection, who is conducting the inspection and the Records they wish to review.

- B. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company or if any funding required under the provisions of the COLLATERAL TRUST ACCOUNT and/or UNAUTHORIZED REINSURANCE Articles is either not in place or deficient in some manner. For the purposes of this paragraph, whether a payment is undisputed shall be determined in accordance with the NAIC rules regarding payments more than ninety (90) days overdue.
- C. Within sixty (60) days after the completion of any inspection of the Company's Records, the Reinsurer or its duly authorized representatives shall meet with the Company (either in person or by teleconference) and provide the Company with a written report regarding such inspection of the Company's Records.
- D. "Proprietary or Privileged Materials" as used herein shall mean files, records, documents or books; (1) concerning trade secrets of the Company ("trade secrets" shall have the meaning provided in Section 1839 of the United States Economic Espionage Act of 1996), (2) subject to the work product privilege or attorney-client privilege related to dispute, litigation, or arbitration among the parties to this Contract, or (3) concerning individual private information that as a matter of law cannot be disclosed by the Company.

ARTICLE 18

CONFIDENTIALITY

- A. The information, data, statements, representations and other materials provided by the Company or the Reinsurer to the other arising from consideration and participation in this Contract whether contained in the reinsurance submission, this Contract, or in materials or discussions arising from or related to this Contract, constitutes confidential or proprietary information unless expressly indicated otherwise by the disclosing party ("Disclosing Party") in writing from time to time to the other party or the respective parties ("Confidential Information"). This Confidential Information is intended for the sole use of the parties to this Contract (and their affiliates involved in management or operation of assumed reinsurance business, reinsurers, prospective reinsurers, intermediaries involved in such placements, respective auditors, third-party service providers, and legal counsel) as may be necessary in analyzing and/or accepting a participation in and/or executing their respective responsibilities under or related to this Contract. Disclosing or using Confidential Information relating to this Contract, without the prior written consent of the Disclosing Party, for any purpose beyond (i) the scope of this Contract, (ii) the reasonable extent necessary to perform rights and responsibilities expressly provided for under this Contract, (iii) the reasonable extent necessary to administer, report to and effect recoveries from retrocessional reinsurers, (iv) the reporting to regulatory or other governmental authorities as may be legally required or (v) persons with a need to know the information, (all of the preceding persons or entities who are legally obligated by either written agreement or otherwise to maintain the confidentiality of the Confidential Information) is expressly forbidden. Copying, duplicating, disclosing, or using Confidential Information for any purpose beyond this expressed purpose is forbidden without the prior written consent of the Disclosing Party.
- B. Should a party ("Receiving Party") receive a third party demand pursuant to subpoena, summons, or court or governmental order or request, to disclose Confidential Information that has been provided by another party to this Contract, the Receiving Party shall provide the Disclosing Party with written notice of any subpoena, summons, or court or governmental order or request, at least ten (10) days prior to such release or disclosure. Unless the Disclosing Party has given its prior permission to release or disclose the Confidential Information, the Receiving Party shall not comply with the subpoena prior to the actual date required by the subpoena. If a protective order or appropriate remedy is not obtained, the Receiving Party may disclose only that portion of the Confidential Information that it is legally obligated to disclose.
- C. No party may disclose, publish or otherwise make this Contract or attachments publicly available without the consent of the other party and the Original Insured; provided, however, that the Policy shall not be subject to this Article 18(C), and the parties hereby acknowledge the public dissemination of the Policy.
- D. The party drafting any news release or other public announcement or communication shall provide the other party and the Original Insured with reasonable advance notice and reasonable time to review and comment upon a draft of such news release or other public announcement or communication.

ARTICLE 19

INDEMNIFICATION, ERRORS AND OMISSIONS

- A. The Reinsurer is reinsuring the obligations of the Company arising out of or in connection with the Policy. The Company will be the sole judge as to:
 - 1. What will constitute a claim or loss covered under the Policy;
 - 2. The Company's liability thereunder;
 - 3. The amount or amounts that it will be proper for the Company to pay thereunder.
- B. The Reinsurer will be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under the Policy.
- C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract will not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE 20

UNAUTHORIZED REINSURANCE

- A. Notwithstanding the Collateral Trust Account, in the event the Reinsurer does not qualify for full credit under any applicable law, regulation, or with any insurance regulatory authority having jurisdiction over the Company's reserves, the Reinsurer hereby agrees to place into a separate trust for the sole benefit of the Company any additional amounts as may be required by any applicable law, regulation, or insurance regulatory authority in order for the Company to receive full credit for ceded reinsurance (collectively, the "Reinsurer's Obligations"). The trust agreement will be in form and substance acceptable to the Company and to any applicable regulatory authority. In the event any of the provisions of this Article conflict with or otherwise fail to satisfy the requirements of the appropriate credit for reinsurance statute or regulation, this Article will be deemed amended to conform to the appropriate statute or regulation; the intent of this Article being that the Company will be permitted to realize full credit for the reinsurance ceded to the Reinsurer under this Contract.
- B. Both the Reinsurer and Company agree that the funding provided hereunder may be drawn upon at any time, and may 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 for the following purposes:
 - 1. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

2. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract;
 3. To fund an account with the Company for the Reinsurer's Obligations. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer; or
 4. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract or any other agreement between the Company and the Reinsurer.
- C. The Company may, at its discretion, require payment of any sum in default instead of resorting to any security held, and it shall be no defense to any such claim that the Company might have had recourse to any such security.
- D. For purposes of this Article, "applicable law, regulation, or insurance regulatory authority" shall include, but not be limited to, all laws and regulations affecting the ability of the Company and all members of its intercompany pool, if any, to take credit for reinsurance, and all laws and regulations applicable to foreign branches of the Company.
- E. In no event will the Reinsurer be required to provide security for the same obligations under this Article and the SPECIAL TERMINATION Article.
- F. This Article shall survive the termination of this Contract.

ARTICLE 21

INSOLVENCY

- A. Subject to the ASSUMPTION OF LIABILITY and ALTERNATE PAYEE Articles below, in the event of the Company's insolvency, the reinsurance afforded by this Contract will be payable by the Reinsurer on the basis of the Company's liability under the Policy without diminution because of the Company's insolvency or because its liquidator, receiver, conservator, or statutory successor has failed to pay all or a portion of any claims, subject however to the right of the Reinsurer to offset against such funds due hereunder, any sums that may be payable to them by said insolvent Company in accordance with applicable law. The reinsurance will be payable by the Reinsurer directly to the Company, or to its liquidator, receiver, conservator, or statutory successor except (1) where this Contract specifically provides for another payee of such reinsurance in the event of the Company's insolvency or (2) where the Reinsurer, with the consent of the Original Insured, has assumed such Policy obligations of the Company as direct obligations of itself to the payee under such Policy in substitution for the Company's obligation to such payee.
- B. The Company's liquidator, receiver, conservator, or statutory successor will give written notice of the pendency of a claim against the Company under the Policy within a reasonable time after such claim is filed in the insolvency proceeding. During the

pendency of such claim, the Reinsurer may investigate said claim and interpose in the proceeding where the claim is to be adjudicated, at its own expense, any defense that it may deem available to the Company, or to its liquidator, receiver, conservator, or statutory successor. The expense thus incurred by the Reinsurer will be chargeable against the Company, subject to court approval, as part of the expense of conservation or liquidation to the extent that such proportionate share of the benefit will accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

- C. The provisions of the ALTERNATE PAYEE Article are intended to take precedence over this Article. This Article shall apply to the extent the Reinsurer has any liability to the Company, or to its liquidator, receiver, or statutory successor, after the operation of the ALTERNATE PAYEE Article.
- D. This Article will apply severally to any affiliated reinsured company referenced within the definition of "Company" in the caption of this Contract. Further, this Article and the laws of the domiciliary jurisdiction will apply in the event of the insolvency of any company intended to be covered hereunder. In the event of a conflict between any provision of this Article and the laws of the domiciliary jurisdiction of any company intended to be covered hereunder, that domiciliary jurisdiction's laws will prevail.

ARTICLE 22

ASSUMPTION OF LIABILITY

Pursuant to the Endorsement attached to and made part of the Policy and this Contract (Exhibit B), the Reinsurer has agreed to become directly liable to the Original Insured for the [REDACTED] of any Covered Amount ceded to the Reinsurer hereunder but only and to the extent that the Company fails to make payment of a Covered Amount to the Insured as required under the Policy.

ARTICLE 23

ALTERNATE PAYEE

- A. Pursuant to the ASSUMPTION OF LIABILITY Article, the Reinsurer shall make payments directly to the Original Insured, in lieu of payment to the Company, or its liquidator, receiver, or statutory successor in the event the Company fails to remit any Covered Amount due to the to the Original Insured in accordance with the Policy.
- B. In such event, the following will apply:
 - 1. The Reinsurer will make payment thereof directly to the Original Insured, in lieu of payment to the Company, or its liquidator, receiver, or statutory successor; and
 - 2. The Reinsurer shall be credited with any amount equal to such payment and shall be relieved of its corresponding responsibility and liability to the Company, or its liquidator, receiver, or statutory successor under the INSOLVENCY Article, for the

amount of such payment for any sum or sums owed or owing under this Contract;
and

3. With the express exception of the SPECIAL TERMINATION and UNAUTHORIZED REINSURANCE Articles, all other provisions of this Contract shall apply to the Original Insured in the same manner as if the Original Insured were substituted for the Company as the reinsured party hereunder.
- C. With regard to any unpaid Covered Amount owed to the Original Insured by the Company under the Policy, in the event that the Original Insured directly is paid by any reinsurer of the Company, including the Reinsurer hereon, or if the Original Insured draws down upon any trust under which the Original Insured is a beneficiary or co-beneficiary, then, to the extent of any such Covered Amount so received by the Original Insured, the Company is relieved of all corresponding responsibility and liability to the Original Insured under the Policy and the Reinsurer is thereby relieved of its corresponding responsibility and liability to the Company under this Contract and to the Original Insured pursuant to the Endorsement for any such Covered Amount so received by the Original Insured.
- D. Notwithstanding anything to the contrary herein, in no event will the Reinsurer be subject to duplicate liability, to or on behalf of the Company, its liquidator, receiver, or statutory successor or to any other entity or person claiming by, through, or under this Contract, including, without limitation, the Original Insured.
- E. This Article may not be amended or cancelled without the express written consent of the Original Insured.

ARTICLE 24

DISPUTE RESOLUTION; VENUE

Any dispute arising out of or in connection with this Contract, the Endorsement or the Policy shall be settled in a proceeding brought in the United States District Court for the Eastern District of Virginia. Each of the Company and the Reinsurer irrevocably submits to the personal and in rem jurisdiction and venue of the United States District Court for the Eastern District of Virginia for the purposes thereof and hereof, and expressly waives any claim of lack of personal jurisdiction and improper venue and any claim that any such Court is an inconvenient forum. The Company and the Reinsurer hereby irrevocably consent to the service of process in such court in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the address provided to the parties as set forth below, such service to become effective ten (10) days after such mailing. It is further agreed that service of process in any suit instituted against a party will be made upon the other party and that in any such suit the Company and the Reinsurer will abide by the final decision of such Virginia court, including any appellate court in the event of an appeal. Any award of money damages in such proceeding shall be consistent with the Reinsurer's pro rata share of liability as set forth in this Contract and the Endorsement.

ARTICLE 25

GOVERNING LAW

This Contract and any dispute, controversy or claim arising out of or relating to this Contract (except with respect to the Collateral Trust Agreement) shall be governed by [REDACTED]. For the avoidance of doubt, any dispute, controversy or claim directly related to the Collateral Trust Agreement shall be governed by the terms and conditions of the Collateral Trust Agreement, including the choice of law provision set forth therein.

ARTICLE 26

NON-WAIVER

No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Contract shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

ARTICLE 27

ENTIRE AGREEMENT AND INTERPRETATION

- A. This Contract, the Policy, the Endorsement and the Collateral Trust Agreement constitute the entire agreement between the Company and the Reinsurer with respect to the Business Covered and supersede all prior understandings, negotiations, and discussions, whether oral or written, by or between the Company and the Reinsurer. There are no general or specific warranties, representations, or other agreements by or among the Company and the Reinsurer in connection with entering into this Contract except as specifically set forth in this Contract.
- B. Notwithstanding the foregoing, this Contract may be amended or modified only by a writing signed by the Company and the Reinsurer, after having received the express written consent of the Original Insured, whose consent shall not be unreasonably withheld
- C. The purposes of this Contract are not to be defeated by a narrow or technical legal interpretation of its provisions. This Contract will be construed as an honorable undertaking and should be interpreted for the purpose of giving effect to the intentions of the parties hereto.

ARTICLE 28

ASSIGNMENT, NOVATION OR TRANSFER

This Contract will be binding upon and inure to the benefit of the Company and the Reinsurer and their respective successors and assigns provided, however, that this Contract may not be assigned, novated, or transferred, including any attempted transfer of rights and/or obligations under any U.S. or foreign statute, legislation, or jurisprudence, by either the Company or the Reinsurer, or as the result of the actions of a parent company or an affiliated entity of either, without the prior written consent of the other party and of the Original Insured. In the event of any assignment, novation, or transfer, the assignor, novator, or transferor will remain liable, under this Contract, and further guarantees the performance of all obligations of any assignee, novatee, or transferee under this Contract. Notwithstanding the foregoing, the Company may assign this Contract to an affiliated entity without the Reinsurer's written consent; however, prior written consent of the Original Insured is required.

ARTICLE 29

COUNTERPARTS

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

ARTICLE 30

CONSTRUCTION

- A. The headings and titles to the articles of this Contract are inserted for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.
- B. This Contract is the result of arms-length negotiations between the parties and has been prepared jointly by the parties. In applying and interpreting the provisions of this Contract, there shall be no presumption that either the Company or the Reinsurer prepared this Contract, or that this Contract shall be construed in favor of or against either the Company or the Reinsurer.

ARTICLE 31

SEVERABILITY

If any provision of this Contract will be rendered illegal or unenforceable by the laws, regulations, or public policy of any state, such provision will be considered void in such state, but this will not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

ARTICLE 32

NOTICES AND CONTRACT EXECUTION

- A. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, first class mail or facsimile.
- B. All notices to the Company under any provision of this Contract and attachments thereto shall be in writing and given by prepaid express courier, certified mail or fax, to:

If to the Company:

[REDACTED]

[REDACTED]

If to the Reinsurer:

[REDACTED]

If to the Original Insured:

Freddie Mac. 8200 Jones Branch Drive, McLean, VA 22102-3110

[REDACTED]

Notice given as described above shall be deemed to be received and effective upon actual receipt thereof by the addressee or any Business Day following the date such notice is sent, whichever is earlier.

C. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:

1. Paper documents with an original ink signature; and/or
2. Facsimile or electronic copies of paper documents showing an original ink signature.

In Witness Whereof, the parties hereto by their respective duly authorized representatives have executed this Contract as of the dates specified below:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

EXHIBIT A

Aggregate Excess of Loss Insurance Policy

[REDACTED]

(Attached)

EXHIBIT B

Assumption of Liability Endorsement

This endorsement (the "Endorsement") forms a part of [REDACTED], effective as of April 1, 2014 (the "Policy") issued by [REDACTED] (hereinafter referred to as the "Company") to the Insured named below and the Quota Share Reinsurance Contract (the "Contract") between the Company and [REDACTED] (hereinafter referred to as the "Reinsurer") of the other part, effective as of the same date. The Insured for whose benefit this Endorsement is made is as follows.

Named Insured: Federal Home Loan Mortgage Corporation, also known as Freddie Mac, a government-sponsored enterprise chartered by the U.S. Congress.

Insured's Address: 1551 Park Run Drive, McLean, Virginia 22102

For value received, the Reinsurer agrees that it will immediately become liable for [REDACTED] of any Covered Amount (as defined in the Policy) payable by the Company under the Policy as and to the extent that the Company does not make payment of a Covered Amount to the Insured as required under the Policy, and the Reinsurer will make payment thereof directly to the Insured named above, subject always to the other terms of the Policy and the Contract. To the extent the Reinsurer does not make payment as required under the Contract, the Insured, without further notice, will have access to the assets from the Collateral Trust Agreement.

The Company and the Reinsurer covenant that the provisions of this Endorsement, the Policy and the Contract to both of which it is attached and into each of which it is expressly incorporated, shall take precedence over any other reinsurance agreement, contract or arrangement between them. In no event will the Reinsurer be subject to duplicate liability under the Contract or under any other such agreement, contract or arrangement because of any payment or payments made to the Insured under the terms hereof.

The Company and the Reinsurer represent that they have the authorization and authority to enter into this Endorsement.

A copy of this Endorsement shall be attached to the Policy and the Contract and delivered to the Insured. This Endorsement shall not be withdrawn or modified without the written consent of all parties hereto.

In Witness whereof, the parties hereto have executed this Endorsement to be effective as of the date set forth above.

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

Federal Home Loan Mortgage Corporation

(Official Title)
Insured

EXHIBIT C

Collateral Trust Agreement

(Attached)