



INSURANCE POLICY

DECLARATIONS

Policy Number: [REDACTED]

**Policy Period:** That period of time between the Effective Date and the Expiry Date, as set forth immediately below.

**EFFECTIVE DATE:** November 19, 2015

**EXPIRY DATE:** Termination Date (as defined herein).

in each case, at 12:01 A.M. Standard Time at the Address of the Insured.

**Item 1. Insured:**

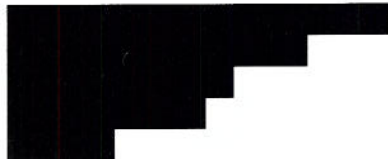
Federal Home Loan Mortgage Corporation, also known as Freddie Mac, a government-sponsored enterprise chartered by the U.S. Congress

**Mailing Address:**

8200 Jones Branch Drive  
McLean, Virginia 22102



**Item 2. Insurer:**



**Item 3. Reference Transaction:**

A certain pool (Reference Pool) of residential mortgage loans (Reference Obligations) with an initial aggregate unpaid principal balance as of September 15, 2015 (Cut-off Date) of \$34,706,261,919 (Cut-off Date Balance). The Reference Obligations were acquired by the Insured between December 1, 2014 and March 31, 2015. The Reference Obligations meet the Eligibility Criteria, all as more specifically described below, and in the STACR 2015-DNA3 Agreement.

**Item 4. Insurance Type:**

Credit insurance.

**Item 5. Policy Limit of Liability:**

Regardless of the number of Credit Events, at any point in the Policy Period, the Insurer's maximum liability for all Covered Amounts hereunder shall not exceed \$133,013,493.04 minus any Covered Amounts previously paid up to that point; provided, however, that the Insurer's maximum liability for the payment of Covered Amounts at any such time shall not exceed: (a) for the Class M-1H Reference Tranche, the lesser of (i) the product of the Class M-1H Reference Tranche Insured Percentage and the Class Notional Amount of the Class M-1H Reference Tranche at such time, or (ii) \$28,282,069.82 minus any Covered Amounts previously paid to that point, and (b) for the Class M-2H Reference Tranche, the lesser of (i) the product of



the Class M-2H Reference Tranche Insured Percentage and the Class Notional Amount of the Class M-2H Reference Tranche at such time, or (ii) \$58,768,609.12 minus any Covered Amounts previously paid to that point, and (c) for the Class M-3H Reference Tranche, the lesser of (i) the product of the Class M-3H Reference Tranche Insured Percentage and the Class Notional Amount of the Class M-3H Reference Tranche at such time, or (ii) \$36,930,081.22 minus any Covered Amounts previously paid to that point, and (d) for the Class B-H Reference Tranche, the lesser of (i) the product of the Class B-H Reference Tranche Insured Percentage and the Class Notional Amount of the Class B-H Reference Tranche at such time, or (ii) \$9,032,732.88 minus any Covered Amounts previously paid to that point. For the avoidance of doubt, the amounts of the Insurer's maximum liability, and of each of the sub-limits set forth in (a) and (b) and (c) and (d) above will be adjusted based on the application of allocated Scheduled Principal, Unscheduled Principal, Modification Loss Amounts, Modification Gain Amounts, and Covered Amounts paid with respect to each of the Class M-1H Reference Tranche, Class M-2H Reference Tranche, Class M-3H Reference Tranche, and Class B-H Reference Tranche, as applicable.

**Item 6: Insured Percentage:**

Class M-1H Reference Tranche – 19.231311%  
Class M-2H Reference Tranche – 18.164374%  
Class M-3H Reference Tranche – 15.219277%  
Class B-H Reference Tranche – 3.656050%

**Item 7: Annual Premium Rate &  
Premium Payment:**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Item 8: Taxes:**

Pursuant to Section 303(e) of the Federal Home Loan Mortgage Corporation Act, 12 U.S.C. § 1452(e), the Insured is exempt from liability for the payment of state and local taxes, except certain real property taxes. Furthermore, as an instrumentality of the United States, the Insured is exempt from liability for federal excise taxes under the U.S. Internal Revenue Code. Accordingly, (a) the Insurer shall not pay on Insured's behalf or invoice the Insured for any federal excise or state or local taxes on Premiums (including, for the avoidance of doubt, any Catch-Up Payment), and (b) the Insured shall not be liable for the payment of any such taxes.

Additional tax withholding and reporting obligations are set forth in Article VII(K) of this Policy.

**Item 9: Payment Currency:**

United States of America Dollars

**Item 10: Policy All-Inclusive:**

This Policy is comprised of this Declarations Page, the various terms and provisions attached to this Policy, and all Exhibits relating hereto, all of which are incorporated herein and made a part of this Policy as of the Effective Date. Collectively, the Insurer and the Insured may be referred to as the "parties" and individually, each may be referred to as the "party."

*(signature page follows)*



**IN WITNESS HEREOF**, each party hereto has caused this Policy to be executed on its behalf by its duly authorized representative.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



## **INSURANCE POLICY**

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

In consideration of the Insured paying the Premium stated in the Declarations to the Insurer and in reliance upon the statements in the Declarations made a part hereof and subject to all of the terms of this Policy, the Insurer hereby agrees, subject to the Policy Limit of Liability stated in the Declarations, to pay the Covered Amounts to the Insured to the extent and in the manner set forth herein.

### **I. INSURING AGREEMENT; SECURITY**

- A. In accordance with the provisions of this Policy, and in the event that, as of any Premium Payment Date during the Policy Period, the then-applicable Class Notional Amount associated with an Insured Tranche has been reduced since the prior Premium Payment Date by a Tranche Write-down Amount (in each instance, a "Loss") the Insurer will pay to the Insured an amount equal to the product of (i) such Loss, and (ii) the corresponding Insured Percentage (the "Covered Amount"). In no event shall the Insurer's maximum liability under this Policy exceed the Policy Limit of Liability.
- B. To secure its performance hereunder, within thirty (30) days after the Effective Date, the Insurer shall deposit Assets in the Trust Account and maintain such Assets in an amount as determined under and pursuant to the Trust Agreement, and subject to the following provisions:
  - 1. The Trust Agreement shall be in the form mutually agreed between the parties as of the Effective Date, and shall be subject only to changes that may be requested by the trustee. The parties agree to act reasonably and in good faith with respect to such requests in order to ensure that the Insurer is able to satisfy its obligations hereunder to deposit Assets in the Trust Account.
  - 2. The Insurer agrees to maintain the Assets such that the Outstanding Collateral Amount shall be equal to or greater than the Security Amount as of the end of each calendar month.
  - 3. Within five (5) Business Days after the end of each calendar month, the Insurer shall deliver to the Insured a statement showing the updated Security Amount as of such month-end, which shall be calculated based on information regarding the Class of Reference Tranches received in accordance with Article V(A). If the statement shows that the Security Amount exceeds the Outstanding Collateral Amount, the Insurer shall, within five (5) Business Days after delivery of the statement, deposit additional Assets in the Trust Account by the amount of such difference. If, however, the statement shows that the Security Amount is less than the Outstanding Collateral Amount, the Insured shall, within five (5) Business Days after receipt of the statement, allow the release to the Insurer of Assets from the Trust Account with an aggregate fair market value no greater than such excess, and in furtherance of the foregoing the Insured shall undertake all actions that shall reasonably be necessary to allow such release of Assets including but not limited to delivery of any notices that might be required by the trustee. For the avoidance of doubt, the Insurer's obligations hereunder are subject to the Insurer's obtaining information regarding the Class of Reference Tranches and the Outstanding Collateral Amount as provided in Article V(A).
  - 4. The Insured shall have the right to withdraw Assets from the Trust Account to reimburse the Insured for any amount under this Policy which becomes due from the Insurer under the terms of this Policy and which is not otherwise paid by the Insurer

within five (5) Business Days after the payment becomes due under the terms of this Policy; provided, however, that for the first Claim filed under this Policy, the Insured shall only withdraw Assets from the Trust Account to reimburse the Insured if such first Claim is not paid within ten (10) Business Days after the payment becomes due under the terms of this Policy. In the event the amount drawn by the Insured from the Trust Account is in excess of the actual amount finally determined to be due to the Insured, which determination must be made by a court of competent jurisdiction in the event of a dispute unless the parties mutually agree otherwise, the Insured shall promptly return to the Trust Account the excess amount so drawn and any such excess withdrawn amount shall accrue interest at the rate specified in Article V(D).

5. Notwithstanding anything contained herein to the contrary, and subject to the proviso below, if at any time the Outstanding Collateral Amount is equal to or less than an amount established pursuant to the Trust Agreement, the Insured shall allow the release to the Insurer of all remaining Assets in the Trust Account, and in furtherance of the foregoing the Insured shall undertake all actions that shall reasonably be necessary to allow such release of Assets including but not limited to delivery of any notices that might be required by the trustee; provided, however, that the Insurer shall not be entitled to the release of any Assets under this Article I(B)(5) (and the Insured shall have no obligation hereunder) if the Insured has withdrawn Assets as permitted under Article I(B)(4), but only to the extent such Assets have been withdrawn pursuant to Article I(B)(4). The Trust Account and the Trust Agreement shall be terminated immediately upon release of remaining Assets to the Insurer as permitted under this Article I(B)(5)

## **II. WARRANTIES AND CERTAIN AGREEMENTS OF THE INSURED**

In accepting this Policy, the Insured hereby agrees, represents and warrants the following to the Insurer as of the date hereof:

- A. Information in the statements and information provided to the Insurer in the Insurance Application are true and correct in all Material respects as of the Effective Date.
- B. The Insured has not withheld any information from the Insurer that would reasonably affect the decision of an insurer of risks similar to the risk under this Policy, and as of the Effective Date of this Policy, the Insured has no Knowledge of any circumstance which could give rise to or increase the likelihood of Covered Amount at any time during the Policy Period.
- C. Exhibits A through C inclusive are true and complete copies of the STACR 2015-DNA3 Documentation.
- D. The Insured is duly organized, validly existing and in good standing under the laws of the United States.
- E. The Insured has taken all corporate action required to authorize the execution, delivery and performance of the Policy.
- F. [REDACTED]
- G. The Policy, when executed and delivered will constitute a legal, valid and binding obligation of the Insured, 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.



- H. The execution and delivery by the Insured of this Policy, and the performance by the Insured under the Policy, do not and will not require the Insured 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 (including under any STACR 2015-DNA3 Documentation), 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 Insurer incurring any liability, or have a material adverse effect on (a) the ability of the Insured to perform and comply with its respective obligations under this Policy, or (b) the consummation of the transactions contemplated under the Policy.
- I. At all times during the Policy Period, the Insured shall retain no less than 5% of the credit loss exposure to the Reference Tranches, except with respect to the Class B and B-H Reference Tranches for which the Insured shall retain no less than 50% of the credit loss exposure.
- J. In the event that, as of any Premium Payment Date during the Policy Period, an Insured Tranche has been increased since the prior Premium Payment Date by a Tranche Write-up Amount, then the Insured shall refund to the Insurer an amount equal to the product of (i) such Tranche Write-up Amount, and (ii) the corresponding Insured Percentage (in each instance, a "Claim Refund"), pursuant to and in accordance with the terms of, and conditions set forth in this Policy, but only up to the sum of all Covered Amounts previously paid by the Insurer hereunder. Such Claim Refund shall be paid within ten (10) Business Days of such Premium Payment Date by immediately available funds transmitted by means of the U.S. Fedwire funds service to the Insurer from the Insured in accordance with wiring instructions provided by the Insurer to the Insured. In no event shall the sum of all Claim Refunds exceed the payment of all Covered Amounts paid by the Insurer under this Policy, including Covered Amounts associated with a Tranche Write-down Amount applied to any Overcollateralization Amount pursuant to Article VI(B)(5).
- K. With regard to any Covered Amount owed to the Insured by the Insurer, in the event that the Insured is paid directly by any reinsurer of the Insurer, or if the Insured were to draw down upon any trust under which the Insured is a beneficiary or co-beneficiary with regard to this Policy, then, only and solely to extent of any such Covered Amount so received by the Insured, the Insurer is relieved of all corresponding responsibilities and liability to the Insured under this Policy for the payment of such Covered Amount.

### III. WARRANTIES AND CERTAIN AGREEMENTS OF THE INSURER

The Insurer hereby agrees, represents and warrants the following to the Insured as of the date hereof:

- A. The Insurer is an insurance company duly organized, validly existing and in good standing under the laws of [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. [REDACTED]
- C. The Insurer has taken all corporate action required to authorize the execution, delivery and performance of the Policy, and the performance of its obligations thereunder.



- D. The Insurer has the corporate power and authority to execute and deliver, and perform its obligations under the Policy.
- E. The Policy, when executed and delivered will constitute a legal, valid and binding obligation of the Insurer, 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 Insurer of this Policy, and the performance by the Insurer under the Policy, do not and will not require the Insurer 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 Insured incurring any liability, or have a material adverse effect on (a) the ability of the Insurer to perform and comply with its respective obligations under this Policy, or (b) the consummation of the transactions contemplated under the Policy.
- G. The Insurer is, and will use its best efforts to remain, in compliance at all times and in all material respects with all Applicable Law, including, to the extent applicable, the [REDACTED] and with the conditions attached to its license or with any directions to the Insurer issued by the [REDACTED]. The Insurer has not made any reductions of capital or paid any dividends or distributions in the past two years that have not complied with the laws of the Insurer's domicile.
- H. The Insurer is currently in compliance with the requirement applicable to the Insurer to provide statutory financial statements and audited financial statements in respect of its insurance business [REDACTED] and is currently in compliance in all material respects [REDACTED]. The Insurer shall provide to the Insured copies of any such financial statements and any declarations required to be filed with [REDACTED] within five (5) Business Days of any request by the Insured therefor.
- I. The Insurer is, and will use its best efforts to remain, operating in accordance with the solvency, liquidity and capital requirements [REDACTED] including the minimum solvency margin and the applicable enhanced and eligible capital requirements. Insurer is, and after issuance of the Policy will be, solvent, including by all applicable standards of solvency [REDACTED]. Insurer has at all times ensured, and will use its best efforts to ensure, that the general business and long term business of Insurer is kept separate in accordance with the applicable provisions [REDACTED] including the maintenance of the long-term business fund.
- J. There are no pending or, to Insurer's Knowledge, threatened actions, suits, investigations or proceedings ("Proceedings") by or against the Insurer 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 Insurer has not been the subject of any such Proceedings in the last two years, other than to the extent that such Proceedings that are considered part of the normal operations of an insurance or a reinsurance company.
- K. Without derogating from the generality of Article III(G), none of the Insurer, any of its direct or indirect subsidiaries, any shareholder that holds ten percent (10%) or more of the outstanding capital of the Insurer (directly or, to the knowledge of the Insurer, indirectly)



("Principal Shareholder"), any director or officer of the Insurer or any of its Principal Shareholders or any of their direct or indirect subsidiaries, or, to the knowledge of the Insurer, any employee, agent, or affiliate of the Insurer or any of its Principal Shareholders or its direct or indirect subsidiaries is an individual or entity ("Covered Person") that is, or is owned or controlled by a Covered Person that is, (i) the target of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control or the U.S. Department of State (collectively, "Sanctions"), or (ii) located, organized, or resident in any country or territory that is, or whose government is, the target of Sanctions (currently, Cuba, Iran, North Korea, Sudan and Syria).

- L. The Insurer has such Knowledge and experience in financial, business and insurance matters that it is capable of evaluating the merits and risks of this transaction. The Insurer has conducted its own independent review and analysis of the underwriting risk and acknowledges and agrees that the Insured has provided the Insurer with sufficient information for this purpose. In entering into this Policy, the Insurer has relied solely upon its own investigation and analysis, and the Insurer acknowledges and agrees that except for representations or warranties of the Insured expressly contained herein (a) the Insured makes no, and has made no, representation or warranty, either express or implied, with respect to the Policy or as to the accuracy or completeness of any of the information (including projections, estimates or any other forward looking forecasts) provided or otherwise made available to the Insurer, and (b) to the fullest extent permitted by Applicable Law, the Insured shall have no liability whatsoever to Insurer on any basis based upon such information provided or made available, or statements made or omissions therefrom in the underwriting process.
- M. Without derogating from the generality of Article III(G), the Insurer is compliant with the U.S. Foreign Account Tax Compliance Act.
- N. In any reinsurance treaty executed between the Insurer and a reinsurer with respect to the risks assumed under this Policy by the Insurer, to the extent required by the Insured on or prior to the Effective Date, the Insurer shall obtain written representations and warranties substantially similar to those set forth in this Article III(A)-(M) from the reinsurer to which the Insurer cedes any portion of the risk.

#### **IV. LIMITATIONS OF LIABILITY**

The Insurer's total liability for all Covered Amounts under this Policy shall not exceed the Policy Limit of Liability as specified in the Declarations. Each payment made by the Insurer in discharge of its obligations under this Policy shall reduce by the same amount the Policy Limit of Liability.

#### **V. CLAIMS AND REPORTING**

- A. The Insurer shall have the right to receive copies of all reports to be provided by the Global Agent under Section 6(c) of the Global Agency Agreement, and may do so by accessing the Global Agent's internet site at " [www.usbank.com/abs](http://www.usbank.com/abs) " or any other website that may be established by the Global Agent. In the event that the Global Agent ceases to make such reports publicly available, including by means of any such website, the Insured shall designate the Insurer as a designee within the meaning of the Global Agency Agreement for the purpose of receiving such reports.
- B. The Insured shall submit to the Insurer a Proof of Loss within thirty (30) calendar days of the publication of the Payment Date Statement. In connection therewith, the Insured shall provide a copy of the Payment Date Statement and such other information required under the Proof of Loss form attached as Exhibit D. The Insured's failure to provide the Payment Date Statement or Proof of Loss within the foregoing period shall not relieve the Insurer of its obligations under this Policy. Within five (5) Business Days of the date of such filing, the



Insurer shall verify that the Class Notional Amount, the Tranche Write-down Amount and the Loss set forth therein are in accordance with the Payment Date Statement and the corresponding Insured Percentage calculation set forth in the Proof of Loss.

- C. The determination by the Global Agent of the Class Notional Amount, the Tranche Write-down Amount or the Tranche Write-up Amount shall, absent manifest error, be binding on the Insurer and the Insured. The Insurer shall accept the Proof of Loss unless it has formed a reasonable good faith belief that the Insured has made material misrepresentations or committed other wrongful and dishonest acts or omissions directly relating to a calculation by the Insured set forth in a Proof of Loss. In such case, the Insurer shall send a notice of the rejection of the Claim within five (5) Business Days following receipt of such Proof of Loss from the Insured. In the absence of such notice within that period, the Proof of Loss shall be deemed accepted. Any rejection of a Proof of Loss shall be subject to dispute resolution as set forth in Article VII(A) below. Nothing contained herein shall be deemed to be a waiver of or prejudice in any way any claim that the Insurer may have subsequent to acceptance of a Proof of Loss or payment of any amount under this Policy; provided, however, that any such claim shall be pursued by the Insurer within the period set by the applicable statute of limitations.
- D. Within five (5) Business Days following acceptance of a Proof of Loss by the Insurer, (i) the Insurer shall provide written notice thereof to the Insured, clearly stating that such Proof of Loss has been accepted in full by the Insurer, and (ii) payment of such Loss shall thereupon be made by immediately available funds transmitted by means of the U.S. Fedwire funds service to the Insured by the Insurer in accordance with wiring instructions provided by the Insured to the Insurer. Any such payments not so transmitted shall be subject to a late payment fee calculated based on the amount due but not wired. For the avoidance of doubt, the amount of such late payment fee shall be calculated as follows: (amount due and owing under the unpaid Proof of Loss) multiplied by (prime rate + 1.000%) divided by 365, multiplied by the number of calendar days for which the payment is due but unpaid. The prime rate shall be determined by reference to the highest quoted prime rate published in the "Money Rates" section or other comparable section of The Wall Street Journal on the first Business Day of the month in which the payment is due.
- E. The Insurer and the Insured shall have the right to offset any balance or amounts due from one party to the other under the terms of this Policy. The party asserting the right of offset may, with the concurrence of the other party, exercise such right any time whether the balances due are on account of Premiums or Covered Amounts.

## **VI. REFERENCE POOL AND REFERENCE TRANCHES; MODIFICATION-RELATED ALLOCATIONS AND NET PREMIUM PAYMENTS**

### **A. Reference Pool**

1. The Reference Pool consists of the Reference Obligations, which are Mortgage Loans that were acquired by the Insured between December 1, 2014 and March 31, 2015 (and more particularly identified at [http://www.freddiemac.com/creditriskofferings/security\\_data.html](http://www.freddiemac.com/creditriskofferings/security_data.html) as of the Effective Date) and which meet the Eligibility Criteria and have no Underwriting Defects, Unconfirmed Underwriting Defects, Major Servicing Defects, Minor Servicing Defects or Unconfirmed Servicing Defects as of October 2, 2015 that were known to the Insured or that were subsequently discovered through the Third-Party Diligence Provider's due diligence review as described under "*The Reference Obligations — Third-Party Due Diligence Review*" in the STACR 2015-DNA3 Offering Circular.

2. The "Eligibility Criteria" to be satisfied with respect to each Reference Obligation in the Reference Pool are as follows:
- a. is a fully amortizing, fixed rate, one- to four-unit, first lien Mortgage Loan, which has an original term of 30 years;
  - b. was originated on or after September 1, 2014;
  - c. was securitized into a participation certificate by May 31, 2015 and remained in such participation certificate as of October 2, 2015;
  - d. has not been prepaid in full as of October 2, 2015;
  - e. as of October 2, 2015, the servicer has not reported that the borrower of a Reference Obligation has filed for bankruptcy;
  - f. has not been repurchased by the applicable seller or servicer as of October 2, 2015;
  - g. has no Underwriting Defects, Major Servicing Defects, Minor Servicing Defects, Unconfirmed Underwriting Defects or Unconfirmed Servicing Defects found in the Insured's internal quality control process as of October 2, 2015;
  - h. as of August 31, 2015, has never been reported to be 30 days or more delinquent since purchase by the Insured;
  - i. was originated with documentation as described under "*General Mortgage Loan Purchase and Servicing — Underwriting Standards— Documentation*" in the STACR 2015-DNA3 Offering Circular;
  - j. is not covered by mortgage or pool insurance;
  - k. does not have an original loan-to-value ratio that (i) is less than or equal to 60% or (ii) exceeds 80%;
  - l. is not subject to recourse or other credit enhancement;
  - m. was not originated under the Insured's Relief Refinance program (including the Home Affordable Refinance Program which is the Federal Housing Finance Agency's name for Relief Refinance Mortgage Loans with a loan-to-value ratio greater than 80%);
  - n. was not originated under Home Possible® or other affordable mortgage programs of the Insured;
  - o. was not associated with a mortgage revenue bond purchased by the Insured;
  - p. had an original principal balance greater than or equal to \$5,000; and
  - q. was not originated under a government program (e.g., FHA, VA or Guaranteed Rural Housing loans).
3. The characteristics of the Reference Pool will change from time to time to reflect subsequent payments, prepayments and Credit Events with respect to the Reference Obligations. In addition, the characteristics of the Reference Pool may change because after the issuance of the Original Notes, Reference Obligations will be



removed (any such removal, a "Reference Pool Removal") from the Reference Pool because:

- a. the Reference Obligation becomes a Credit Event Reference Obligation;
- b. the Reference Obligation is paid in full;
- c. of the identification and final determination, through the Insured's quality control process, of an Underwriting Defect or Major Servicing Defect relating to the Reference Obligation;
- d. of the discovery of a violation of the Eligibility Criteria for such Reference Obligation; or
- e. the Reference Obligation is seized pursuant to any special eminent domain proceeding brought by any federal, state or local government instrumentality with the intent to provide relief to financially-distressed borrowers with negative equity in the underlying mortgage loan. For the avoidance of doubt, if a property were seized through any eminent domain proceedings brought by any state, federal, or local government entity, such seizure will not be treated as a Credit Event. Instead, the unpaid principal balance of the loan at the time of seizure will be treated as Unscheduled Principal and the loan will be removed pursuant to Reference Pool Removal.

Reference Obligations will not be removed from the Reference Pool if they undergo a temporary or permanent modification and they do not meet any other criteria above to be removed. In the event that a Reference Obligation that was previously removed from the Reference Pool is discovered to have been removed in error, such Reference Obligation will be reinstated into the Reference Pool.

#### B. Reference Tranches

1. For purposes of this Policy and for purposes of making the calculations for each Premium Payment Date of (i) any principal write-downs (or write-ups) on the Original Notes as a result of Credit Events (or reversals thereof) or Modification Events on the Reference Obligations, (ii) any reduction or increase in interest amounts on the Original Notes as a result of Modification Events on the Reference Obligations and (iii) principal payments required to be made on the Original Notes, the Insured has established a hypothetical structure of nine (9) Classes of Reference Tranches (the Class A-H, Class M-1, Class M-1H, Class M-2, Class M-2H, Class M-3, Class M-3H, Class B, and Class B-H) (each, a "Reference Tranche") deemed to be backed by the Reference Pool. Pursuant to the hypothetical structure, the Class A-H Reference Tranche is senior to all the other Reference Tranches and therefore does not provide any credit enhancement to the other Reference Tranches. The Class M-1 and Class M-1H Reference Tranches are pro rata with each other and are subordinate to the Class A-H Reference Tranche and are senior to the Class M-2, Class M-2H, Class M-3, Class M-3H, Class B, and Class B-H Reference Tranches. The Class M-2 and Class M-2H Reference Tranches are pro rata with each other and are subordinate to the Class A-H, Class M-1 and Class M-1H Reference Tranches and are senior to the Class M-3, Class M-3H, Class B, and Class B-H Reference Tranches. The Class M-3 and Class M-3H Reference Tranches are pro rata with each other and are subordinate to the Class A-H, Class M-1, Class M-1H, Class M-2 and Class M-2H Reference Tranches and are senior to the Class B and Class B-H Reference Tranches. The Class B and Class B-H Reference Tranches are pro rata with each other and are subordinate to all the other Reference Tranches and therefore do not

benefit from any credit enhancement. Each Class of Reference Tranche has a Class Notional Amount as of the Cut-off Date (i.e., the "Initial Class Notional Amount") as indicated in its respective definition herein.

2. The "Class Notional Amount" of each Class of Reference Tranche as of any Premium Payment Date is a notional amount equal to:
  - a. the Initial Class Notional Amount of such Class of Reference Tranche, *minus*
  - b. the aggregate amount of Senior Reduction Amounts and/or Subordinate Reduction Amounts allocated to such Class of Reference Tranche on such Premium Payment Date and all prior Premium Payment Dates, *minus*
  - c. the aggregate amount of Tranche Write-down Amounts allocated to reduce the Class Notional Amount of such Class of Reference Tranche on such Premium Payment Date and on all prior Premium Payment Dates, *plus*
  - d. the aggregate amount of Tranche Write-up Amounts allocated to increase the Class Notional Amount of such Class of Reference Tranche on such Premium Payment Date and on all prior Premium Payment Dates.
  - e. For the avoidance of doubt, no Tranche Write-up Amount or Tranche Write-down Amount will be applied twice on the same Premium Payment Date.
3. For any Premium Payment Date and for purposes of making calculations with respect to the hypothetical structure and the Reference Tranches, the reporting periods (each, a "Reporting Period") will be:
  - a. in the case of all principal collections, other than full prepayments, on the Reference Obligations, the period from and including the 16<sup>th</sup> day of the second calendar month preceding the month in which such Premium Payment Date occurs to and including the 15<sup>th</sup> day of the calendar month immediately preceding the month in which such Premium Payment Date occurs;
  - b. in the case of full principal prepayments on the Reference Obligations, in the case of determining loan modifications, Unconfirmed Underwriting Defects, Underwriting Defects, Unconfirmed Servicing Defects, Minor Servicing Defects or Major Servicing Defects, and in the case of determining Credit Events resulting from short sales being settled, from charge-offs, from the related Mortgage Note being sold to a third-party, from the related Mortgage Note being sold during the foreclosure process, or from an REO disposition, the period from but excluding the 2<sup>nd</sup> Business Day of the calendar month immediately preceding the month in which such Premium Payment Date occurs to and including the 2<sup>nd</sup> Business Day of the calendar month in which such Premium Payment Date occurs; and
  - c. in the case of determining delinquency status with respect to each Reference Obligation, the last day of the second calendar month preceding the month in which such Premium Payment Date occurs.

4. Allocation of Tranche Write-down Amounts to the Reference Tranches

On each Premium Payment Date on or prior to the Termination Date, the Tranche Write-down Amount, if any, for that Premium Payment Date, will be allocated, *first*, to reduce any Overcollateralization Amount for such Premium Payment Date, until such Overcollateralization Amount is reduced to zero, and, *second*, to reduce the Class



Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

- a. *first*, to the Class B and Class B-H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Premium Payment Date,
- b. *second*, to the Class M-3 and Class M-3H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Premium Payment Date,
- c. *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Premium Payment Date,
- d. *fourth*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date, and
- e. *fifth*, to the Class A-H Reference Tranche.

5. Allocation of Tranche Write-up Amounts to the Reference Tranches

On each Premium Payment Date on or prior to the Termination Date, the Tranche Write-up Amount, if any, for such Premium Payment Date will be allocated to increase the Class Notional Amount of each Class of Reference Tranche in the following order of priority until the cumulative Tranche Write-up Amount allocated to each such Class of Reference Tranche is equal to the cumulative Tranche Write-down Amount previously allocated to such Class of Reference Tranche on or prior to such Premium Payment Date:

- a. *first*, to the Class A-H Reference Tranche,
- b. *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Premium Payment Date,
- c. *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date,
- d. *fourth*, to the Class M-3 and Class M-3H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date, and
- e. *fifth*, to the Class B and Class B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date.

To the extent that the Tranche Write-up Amount on any Premium Payment Date exceeds the Tranche Write-up Amount allocated on such Premium Payment Date pursuant to Articles VI(B)(5)(a) through (e) above, such excess (the "Write-up Excess") will be available as overcollateralization to offset any Tranche Write-down Amounts on future Premium Payment Dates prior to such Tranche Write-down Amounts being allocated to reduce the Class Notional Amounts of the Reference Tranches. On each Premium Payment Date, the "Overcollateralization Amount" equals (i) the aggregate amount of Write-up Excesses for such Premium Payment Date and all prior Premium Payment Dates, *minus* (ii) the aggregate amount of Write-up Excesses used to offset Tranche Write-down Amounts on all prior Premium Payment Dates. For the avoidance of doubt, the Overcollateralization



Amount is intended to preserve a Tranche Write-up Amount that would result in the increase of a Reference Tranche above its Initial Class Notional Amount, but for the sole purpose of offsetting subsequent Tranche Write-down Amounts for that Reference Tranche. Freddie Mac does not anticipate that Overcollateralization Amounts, if any, in this transaction will be significant.

6. Allocation of Senior Reduction Amount and Subordinate Reduction Amount to the Reference Tranches
  - a. On each Premium Payment Date on or prior to the Termination Date, after allocation of the Tranche Write-down Amount or Tranche Write-up Amount, if any, for such Premium Payment Date as described above, the Senior Reduction Amount will be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:
    - i. *first*, to the Class A-H Reference Tranche,
    - ii. *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date,
    - iii. *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date,
    - iv. *fourth*, to the Class M-3 and Class M-3H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date, and
    - v. *fifth*, to the Class B and Class B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date.
  - b. On each Premium Payment Date on or prior to the Termination Date, after allocation of the Senior Reduction Amount and the Tranche Write-down Amount or Tranche Write-up Amount, if any, for such Premium Payment Date as described above, the Subordinate Reduction Amount will be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:
    - i. *first*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date,
    - ii. *second*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date,
    - iii. *third*, to the Class M-3 and Class M-3H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date,
    - iv. *fourth*, to the Class B and Class B-H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Premium Payment Date, and

- v. fifth, to the Class A-H Reference Tranche.

C. Allocations of Modification Losses and Gains

1. Allocation of Modification Loss Amounts to the Reference Tranches

- a. On each Premium Payment Date on or prior to the Termination Date, the following will be computed prior to the Allocation of Modification Loss Amount:
  - i. the "Preliminary Principal Loss Amount", which is equal to the Principal Loss Amount computed without giving effect to clause (d) of the definition of Principal Loss Amount;
  - ii. the "Preliminary Tranche Write-down Amount", which is equal to the Tranche Write-down Amount computed using the Preliminary Principal Loss Amount instead of the Principal Loss Amount;
  - iii. the "Preliminary Tranche Write-up Amount", which is equal to the Tranche Write-up Amount computed using the Preliminary Principal Loss Amount instead of the Principal Loss Amount; and
  - iv. the "Preliminary Class Notional Amount" of each Reference Tranche, which is equal to the Class Notional Amount of such Reference Tranche immediately prior to such Premium Payment Date, after the application of the Preliminary Tranche Write-down Amount in accordance with the same priorities set forth in the Allocation of Tranche Write-down Amount, and after the application of the Preliminary Tranche Write-up Amount in accordance with the same priorities set forth in the Allocation of Tranche Write-up Amount.
- b. On each Premium Payment Date on or prior to the Termination Date, the Modification Loss Amount, if any, for such Premium Payment Date, will be allocated in the following order of priority:
  - i. *first*, to the Class B and Class B-H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class B Reference Tranche is equal to the Class B Notes Interest Accrual Amount;
  - ii. *second*, to the Class B and Class B-H Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts immediately for such Premium Payment Date until the aggregate amount allocated to the Class B and Class B-H Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class B and Class B-H Reference Tranches for such Premium Payment Date;
  - iii. *third*, to the Class M-3 and Class M-3H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class M-3 Reference Tranche is equal to the Class M-3 Notes Interest Accrual Amount;
  - iv. *fourth*, to the Class M-3 and Class M-3H Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts immediately for such Premium Payment Date until the aggregate amount allocated to the Class M-3 and Class M-3H Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class M-3 and Class M-3H Reference Tranches for such Premium Payment Date;



- v. *fifth*, to the Class M-2 and Class M-2H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class M-2 Reference Tranche is equal to the Class M-2 Notes Interest Accrual Amount;
- vi. *sixth*, to the Class M-2 and Class M-2H Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts immediately for such Premium Payment Date until the aggregate amount allocated to the Class M-2 and Class M-2H Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class M-2 and Class M-2H Reference Tranches for such Premium Payment Date;
- vii. *seventh*, to the Class M-1 and Class M-1H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class M-1 Reference Tranche is equal to the Class M-1 Notes Interest Accrual Amount; and
- viii. *eighth*, to the Class M-1 and Class M-1H Reference Tranches, pro rata, based on their Preliminary Class Notional Amounts immediately for such Premium Payment Date until the aggregate amount allocated to the Class M-1 and Class M-1H Reference Tranches is equal to the aggregate of the Preliminary Class Notional Amounts of the Class M-1 and Class M-1H Reference Tranches for such Premium Payment Date.

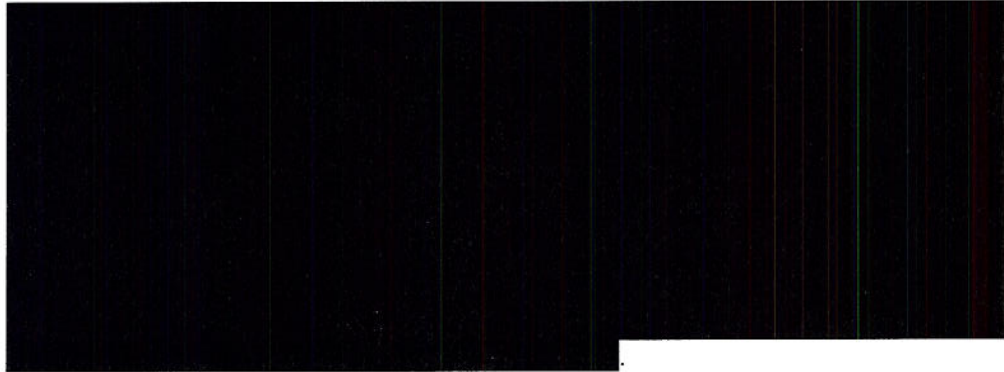
2. Allocation of Modification Gain Amounts to the Reference Tranches

- a. On each Premium Payment Date on or prior to the Termination Date, the Modification Gain Amount, if any, for such Premium Payment Date, will be allocated in the following order of priority:
  - i. *first*, to the Class M-1 and Class M-1H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class M-1 Reference Tranche is equal to the cumulative amount of unreimbursed Modification Loss Amount allocated to reduce the Interest Payment Amount on the Class M-1 Notes on all prior Premium Payment Dates;
  - ii. *second*, to the Class M-2 and Class M-2H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class M-2 Reference Tranche is equal to the cumulative amount of unreimbursed Modification Loss Amount allocated to reduce the Interest Payment Amount on the Class M-2 Notes on all prior Premium Payment Dates;
  - iii. *third*, to the Class M-3 and Class M-3H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class M-3 Reference Tranche is equal to the cumulative amount of unreimbursed Modification Loss Amount allocated to reduce the Interest Payment Amount on the Class M-3 Notes on all prior Premium Payment Dates;
  - iv. *fourth*, to the Class B and Class B-H Reference Tranches, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date, until the amount allocated to the Class B Reference Tranche is equal to the cumulative amount of unreimbursed Modification Loss Amount allocated to reduce the Interest Payment Amount on the Class B Notes on all prior Premium Payment Dates; and

- v. *fifth*, to the most subordinate Classes of pro rata Reference Tranches outstanding, pro rata, based on their Class Notional Amounts immediately prior to such Premium Payment Date.

D. First Premium Payment and Catch-Up Payment; Modification Loss/Gain Allocations; Premium Accrual Amount and Net Premium Payments

1.



2. With respect to the first Premium Payment Date and each Premium Payment Date thereafter, the amount of any Premium with respect to a Reference Tranche will be calculated prior to the application of the Modification Loss Amounts or Modification Gain Amounts for such Reference Tranche in accordance with Article VI(C) (each such amount calculated prior to the application of Modification Loss Amounts or Modification Gain Amounts, the "Premium Accrual Amount"), and shall be calculated as the sum of subsections (a) through (d) as follows:

(a) For the Class M-1H Reference Tranche, the product of (i) the Class M-1H Reference Tranche Insured Percentage, (ii) the Class M-1H Annual Premium Rate, (iii) the Class Notional Amount of the Class M-1H Reference Tranche as of the immediately prior Premium Payment Date, and (iv) the actual number of days from and including such prior Premium Payment Date to and including the day immediately preceding the Premium Payment Date on which the calculation occurs divided by 360.

(b) For the Class M-2H Reference Tranche, the product of (i) the Class M-2H Reference Tranche Insured Percentage, (ii) the Class M-2H Annual Premium Rate, (iii) the Class Notional Amount of the Class M-2H Reference Tranche as of the immediately prior Premium Payment Date, and (iv) the actual number of days from and including such prior Premium Payment Date to and including the day immediately preceding the Premium Payment Date on which the calculation occurs divided by 360.

(c) For the Class M-3H Reference Tranche, the product of (i) the Class M-3H Reference Tranche Insured Percentage, (ii) the Class M-3H Annual Premium Rate, (iii) the Class Notional Amount of the Class M-3H Reference Tranche as of the immediately prior Premium Payment Date, and (iv) the actual number of days from and including such prior Premium Payment Date to and including the day immediately preceding the Premium Payment Date on which the calculation occurs divided by 360.

(d) For the Class B-H Reference Tranche, the product of (i) the Class B-H Reference Tranche Insured Percentage, (ii) the Class B-H Annual Premium Rate, (iii) the Class Notional Amount of the Class B-H Reference Tranche as of the





immediately prior Premium Payment Date, and (iv) the actual number of days from and including such prior Premium Payment Date to and including the day immediately preceding the Premium Payment Date on which the calculation occurs divided by 360.

3. With respect to each outstanding Reference Tranche and each Premium Payment Date, the Insured shall pay to the Insurer an amount, not less than zero, equal to the Premium Accrual Amount for such Reference Tranche as such amount is adjusted to take into account the application of Modification Loss Amounts or Modification Gain Amounts on such Premium Payment Date, in either instance as such applicable Modification Loss Amount or Modification Gain Amount is further adjusted by the application of the Insured Percentage (such adjusted amount, the "Net Premium Payment"). For the avoidance of doubt, as of each Premium Payment Date and for each Reference Tranche the Net Premium Payment will reflect the allocation of (a) any Modification Loss Amount, as adjusted by the Insured Percentage for such Premium Payment Date pursuant to the priorities set forth in Article VI(C)(1), or (b) any Modification Gain Amount for such Premium Payment Date allocated to increase the Interest Payment Amount of its associated Class of Original Notes pursuant to the priorities set forth in Article VI(C)(2).
4. With respect to a Premium Payment Date and a Reference Tranche, if the allocation of (a) Modification Loss Amounts results in the Net Premium Payment being reduced to zero, but the Interest Payment Amount for such allocated Reference Tranche is greater than zero (such greater amount, the "Net Premium Payment Limit"), then the Insured will not pay any further Net Premium Payment for that Reference Tranche, or (b) Modification Gain Amounts results in an increase to the Interest Payment Amount, the Insured will pay to the Insurer a commensurate increase to the Net Premium Payment, but only to the extent that it is above the Net Premium Payment Limit. For the avoidance of doubt, any Tranche Write-down Amount (whether or not affected by a Net Premium Payment Limit) will be subject to the applicable terms of coverage in the Policy, including Tranche Write-down Amount allocations set forth in Article VI(C), and the Insurer's associated liability for the payment of Covered Amounts.
5. The Insured shall pay the Net Premium Payment to the Insurer within twenty (20) Business Days of the Premium Payment Date of each month beginning in November 2015.

## **VII. GENERAL CONDITIONS**

- A. **Dispute Resolution; Venue.** Any dispute arising out of or in connection with this Policy shall be settled in a proceeding brought in the United States District Court for the Eastern District of Virginia. Each of the Insurer and the Insured irrevocably submits to the personal and in rem jurisdiction and venue of that Court for the Eastern District of Virginia for the purposes thereof 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 Insured and the Insurer 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 in accordance with the Declarations page of this Policy, such service to become effective ten (10) days after such mailing. It is further agreed that service of process in any suit instituted against the Insurer or the Insured will be made upon the other party and that in any such suit the parties 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 Policy Limit of Liability.
- B. **Assignment.** This Policy may not be assigned or transferred by either party without prior written consent of the other party.



C. Cancellation.

1. The Insured may cancel this Policy on a cut-off basis upon (a) an official rating action by Standard & Poor's or other similar rating agency to withdraw or downgrade the financial strength rating of the Insurer (a "Credit Rating Downgrade") [REDACTED] (b) the insolvency of the Insurer; (c) a transfer by the Insurer of substantially all of its business, by reinsurance or otherwise, other than to a Person that is an affiliate of the Insurer as of the Effective Date; provided however, that any such affiliate is a duly licensed insurance company with an official rating by Standard & Poor's or other similar rating agency of [REDACTED]; (d) a breach by the Insurer of any representations and warranties provided to the Insured in this Policy; or (e) the receipt by the Insurer of a cease and desist order or any similar order from a regulatory authority or other Governmental Entity that it cease and desist writing all or part of its business. The Insured shall give written notice to the Insurer stating the grounds for such action and when the cancellation shall be effective, provided that in the event of a Credit Rating Downgrade the Insured must provide prior written notice to the Insurer of its intention to cancel within at least 30 days of such Credit Rating Downgrade.
2. In the event of a Credit Rating Downgrade, but only by Standard & Poor's or A.M. Best, the Insured may require that the Insurer place additional Assets into the Trust Account, as set forth in the Trust Agreement. The deposit of such additional Assets shall be in lieu of any cancellation permitted under Article VII(C)(1)(a).
3. Without derogating from the generality of Article VII(C)(1), the Insured may also cancel this Policy in its entirety if it determines at any time that the Insurer, any of its Principal Shareholders or its direct or indirect subsidiaries, any director or officer of the Insurer or any of its Principal Shareholders or any of their direct or indirect subsidiaries, or any employee, agent, or affiliate of the Insurer or any of its Principal Shareholders or its direct or indirect subsidiaries is a Covered Person that is, or is owned or controlled by a Covered Person that is, (i) the target of any Sanctions, or (ii) located, organized, or resident in any country or territory that is, or whose government is, the target of Sanctions (currently, Cuba, Iran, North Korea, Sudan and Syria). The Insured shall give written notice to the Insurer stating the grounds for such action and when the cancellation shall be effective.
4. The Insured may also cancel this Policy in its entirety at any time in its sole discretion on any Premium Payment Date on or after the Premium Payment Date on which the Insured exercises the Early Redemption Option. Cancellation shall be effective as of the Premium Payment Date when the Insured delivers to the Insurer written notice of such termination election.
5. In addition, this Policy shall cancel automatically as of the Premium Payment Date on which the initial Class Balance (without giving effect to any allocations of Tranche Write-down Amounts or Tranche Write-up Amounts on such Premium Payment Date and all prior Premium Payment Dates) and accrued and unpaid interest due on the Class M-1, Class M-2, Class M-3, and Class B Notes have been paid in full. In the event that the initial Class Balance (without giving effect to any allocations of Tranche Write-down Amounts or Tranche Write-up Amounts on such Premium Payment Date and all prior Premium Payment Dates) and accrued and unpaid interest due on the Class M-1, Class M-2, Class M-3, and Class B Notes have been paid in full only with respect to either the Class M-1 Notes or Class M-2 Notes or Class M-3 Notes or Class B Notes, then the coverage under the Policy shall only be canceled with respect to either the Class M-1H Reference Tranche or the Class M-2H Reference Tranche or the Class M-3H Reference Tranche or the Class B-H Reference Tranche, as applicable, but the coverage shall remain in place for the other Insured Tranche(s).

6. No cancellation of this Policy is permitted by the Insurer, except in the event of non-payment of Premium, without prejudice to the Insurer's right to retain the greater of the Premium earned to the date of such termination or right to offset any amounts due from the Insured to the Insurer against amounts due from the Insurer to the Insured.
  7. This Policy may be cancelled by the Insurer in accordance with Article VII(C)(6) by sending written notice to the 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 Expiry Date, unless payment of the Premium is received by the Insurer prior to this specified date of cancellation, in which case the Policy shall continue in full force and effect.
  8. Cancellation in accordance with this Article VII(C) shall not prejudice any rights of or remedies available at law or in equity to the Insured or the Insurer existing prior to or on the effective date of such cancellation, including the Insured's right to withhold Premium payment once it forms a reasonable belief that any Insurer representation or warranty has been breached.
- D. Insolvency of Insured. In the event of an insolvency of the Insured, and the appointment of a conservator, liquidator, receiver, administrator, trustee in bankruptcy or other Person to administer the estate of the Insured as a consequence of an insolvency, or appointment of a statutory successor to the Insured, the coverage afforded by this Policy shall be payable by the Insurer directly to the such conservator, liquidator, receiver, administrator, trustee in bankruptcy or other Person appointed to administer the estate of the Insured as a consequence of insolvency, or such statutory successor, on the basis of the liability of the Insurer as provided in this Policy and without diminution because of the insolvency. No insolvency of the Insured and no act of any conservator, liquidator, receiver, administrator, trustee in bankruptcy or other Person administering the estate of the Insured as a consequence of an insolvency, or of any statutory successor, shall cause any liability of the Insurer hereunder to become due earlier or for a higher amount than would have been the case if such insolvency had not occurred or if such act had not been committed.
- E. Changes. After issuance of the Policy, the Insured and the Insurer agree not to change any terms of this Policy or the Exhibits thereto, unless agreed to by the Insured and the Insurer and attached to the Policy by written endorsement thereto.
- F. Acceleration. The Insurer's liability to pay a Covered Amount to the Insured shall be based only on the original Premium Payment Dates as set forth in the STACR 2015-DNA3 Agreement. Any acceleration of the Premium Payment Dates shall not give rise to a corresponding acceleration of the Insurer's obligation to pay Covered Amounts hereunder.
- G. Headings. All headings in this Policy are for convenience only and shall not be used in interpreting the language of the Policy.
- H. Notice and Communications. All notices to the Insurer under any provision of this Policy shall be sent by electronic mail to the e-mail address below, with a copy of each such notice sent in writing and given by prepaid express courier, certified mail or fax, to:





[REDACTED]

All notices to the Insured under any provision of this Policy shall be in writing and given by prepaid express courier, certified mail or fax, to the place and the fax number indicated in the Declarations, with a copy of each such notice sent in writing and by the same means to:

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.

Notwithstanding the above, Proofs of Loss under this Policy shall be sent by electronic mail, prepaid express courier, certified mail or fax to the Insurer at the above address.

- I. 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 Policy 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.
- J. Other Insurance. If the Insured has any bond or policy of insurance which would cover a Loss in whole or in part in the absence of this Policy, then such other coverage shall be primary to that afforded under this Policy, which shall apply according to its terms after the limit for that bond or policy for that Claim has been exhausted.
- K. Premium and Tax Reporting; U.S. Foreign Account Tax Compliance Act ("FATCA"). The Premium amount(s) specified in the Declarations are due and payable as specified in the Declarations. The Premium payable upon issuance of the Policy and payable upon each Premium Payment Date is non-refundable.

The Insurer shall be responsible for filing any excise tax returns and paying any excise taxes due on any Premiums. Notwithstanding any provision in the Policy to the contrary:

- 1. All Premium paid shall be subject to any withholding or deduction imposed on such Premium payment pursuant to or on account of FATCA, and no additional payment shall be required from the Insured, nor any Premium payment be increased on account of any such withholding or deduction. Except as provided in Article VII(K)(2) below, the Insured shall not be required to indemnify the Insurer on account of any loss, liability or cost

imposed as a result of or otherwise arising from such withholding or deduction relating to FATCA.

2. If the Insured is required to make any deduction or withholding pursuant to or on account of FATCA and the Insured does not so deduct or withhold and a liability resulting from such failure to withhold or deduct is assessed directly against the Insured, then the Insurer will indemnify the Insured therefor and promptly pay to the Insured the amount of such liability. The Insurer's indemnification obligation hereunder shall include any related liability for interest and shall include any related liability for penalties.
  3. Any representation or warranty made by the Insurer with respect to any withholding or deduction being or not being applicable to Premium payments hereunder shall be deemed not to be made in respect of any withholding or deduction imposed pursuant to or on account of FATCA.
  4. Upon execution of this Policy, the Insurer agrees to deliver to the Insured IRS Form W-9 or applicable IRS Form W-8. In addition, the Insurer agrees to deliver any forms or documentation or information reasonably requested in writing by the Insured in order for the Insured to comply with its obligations under FATCA with respect to the Policy including, for the avoidance of doubt, any document establishing the Insurer's status under FATCA and any waiver that may be required to permit reporting of any "financial account" as defined under FATCA. The Insurer agrees to provide an updated and applicable IRS Form W-9 or W-8 if there is a change in its circumstances.
- L. No Confidentiality. Either party may disclose, publish or otherwise make this Policy publicly available without the consent of the other party.
- M. Public Announcements. The party drafting any news release or other public announcement or communication shall provide the other party reasonable advance notice and reasonable time to review and comment upon a draft of such news release or other public announcement or communication; provided, however, that prior to disclosure of the Policy as permitted under Article VII(L), this Article VII(M) shall not apply to a news release or other public announcement or communication that, refers to the Policy in an incidental manner and does not include any material details regarding the Policy or the parties hereto.
- N. Governing Law. This Policy and any dispute, controversy or claim arising out of or relating to this Policy (except with respect to the Trust Agreement or insolvency of the Insurer), shall be governed by Delaware Law. For the avoidance of doubt, (i) any dispute, controversy or claim directly related to the Trust Agreement shall be governed by the terms and conditions of the Trust Agreement, including the choice of law provision set forth therein, and (ii) the insolvency of the Insurer will be governed by [REDACTED] Law.
- O. Severability. Each of the provisions of this Policy are severable and distinct from the others, and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Policy shall not in any way be affected or impaired thereby.
- P. Counterparts. This Policy may be in any number of counterparts and signed by each party on separate counterparts, each of which, when so executed shall be deemed to be an original, and all such counterparts shall constitute but one and the same instrument. The exchange of copies of this Policy and of signature pages by facsimile transmission or electronic mail shall constitute effective execution and delivery of this Policy as to the parties and may be used in lieu of the original for all purposes. Signatures of parties transmitted by facsimile or electronic mail shall be deemed to be their original signatures for any purpose whatsoever.



- Q. Conflict with STACR 2015-DNA3 Documentation; Priority. This Policy references and incorporates various terms, operating procedures and provisions of the STACR 2015-DNA3 Agreement, certain of which are reflected in the STACR 2015-DNA3 Offering Circular. In the event of a conflict between any term, operating procedure or provision of this Policy on the one hand, and any term, operating procedure or provision of the STACR 2015-DNA3 Agreement or STACR 2015-DNA3 Offering Circular on the other, the term, operating procedure or provision of the STACR 2015-DNA3 Agreement or the STACR 2015-DNA3 Offering Circular shall prevail. In the event of a conflict between a term, operating procedure or provision of the STACR 2015-DNA3 Agreement and a term, operating procedure or provision of the STACR 2015-DNA3 Offering Circular, the term, operating procedure or provision of the STACR 2015-DNA3 Agreement shall prevail. In the event of a conflict between a term, operating procedure or provision of the Policy and a term, operating procedure or provision of the Global Agency Agreement, the term, operating procedure or provision of the Global Agency Agreement shall prevail. The Insured shall not make or agree to any amendments to the STACR 2015-DNA3 Documentation without the prior written consent of the Insurer. If notwithstanding the foregoing an amendment is made to the STACR 2015-DNA3 Documentation without the prior written consent of the Insurer, any such amendment shall not apply for purposes of this Policy, and the versions of the STACR 2015-DNA3 Documentation that were in effect prior to such amendment shall continue to be used for purposes of this Policy.
- R. Entire Agreement. This Policy (including all exhibits hereto) constitutes the entire agreement between the Insured and the Insurer, and supersedes all prior agreements and understandings, both written and oral, among the Insured and the Insurer with respect to the subject matter of this Policy and the coverage provided hereunder.
- S. In any reinsurance treaty executed between the Insurer and a reinsurer with respect to the risks assumed under this Policy by the Insurer, to the extent required by the Insured on or prior to the Effective Date, the Insurer shall include written provisions substantially similar to the provisions of this Article VII (A),(B),(C)(1) &(2),(D),(E),(I),(M),(N),(O) and (P).

## VIII. DEFINITIONS

Except as otherwise defined in this Policy or in any endorsement or Exhibit to this Policy, the definition of terms and phrases contained in this Policy and any endorsements to this Policy will be as set forth below.

1. "Accounting Net Yield" with respect to each Premium Payment Date and any Reference Obligation, means the related mortgage rate less the related servicing fee rate.
2. "Annual Premium Rate" means the rate of Premium, expressed as a percentage, corresponding to each Reference Tranche specified in the Declarations.
3. "Applicable Law" means any applicable order, law, statute, regulation, license, rule, ordinance, writ, injunction, directive, judgment, decree, principle of common law, constitution or treaty enacted, promulgated, issued, enforced or entered by any Governmental Entity, including any amendments thereto that may be adopted from time to time; provided, however, that for purposes of the Insurer's compliance with Article III(G) of this Policy, under no circumstances shall this definition confer or be deemed to confer in, on or to the Insured any right to enact, promulgate, issue, enforce or enter any order, law, statute, regulation, license, rule, ordinance, writ, injunction, directive, judgment, decree, principle of common law, constitution or treaty.
4. "Assets" means those assets deposited by the Insurer in the Trust Account as security for its performance obligations hereunder, and shall be limited as set forth in the Trust Agreement.
5. [REDACTED]



6. "Business Day" means a day other than (i) a Saturday or Sunday or (ii) a day on which the offices of the Insurer, Reinsurer, Insured, the corporate trust offices of the Global Agent (located as of the Effective Date at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110), or the banking institutions in the city of New York [REDACTED] are authorized or obligated by law or executive order to be closed.
7. "Catch-Up Payment" has the meaning set forth in Article VI(D)(1).
8. "Claim" means that claim for the recovery of the Covered Amount that is filed by the Insured against the Insurer pursuant to the terms of this Policy by means of a Proof of Loss.
9. "Class" means a class of Reference Tranche.
10. "Class Coupon" means the per annum interest rates of each Class of Original Notes as set forth in the STACR 2015-DNA3 Agreement.
11. "Class A-H Reference Tranche" means a Reference Tranche associated with the Reference Pool with an Initial Subordination and Credit Enhancement of 5.85% in respect of the Reference Pool and a Class Notional Amount as of the Cut-off Date of \$32,675,945,596.
12. "Class B Notes" has the meaning set forth in the STACR 2015-DNA3 Offering Circular.
13. "Class B Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata with the Class B-H Reference Tranche, with an Initial Class Notional Amount of \$100,000,000, and which, together with the Class B-H Reference Tranche, has an Initial Subordination and Credit Enhancement of 0.00% in respect of the Reference Pool.
14. "Class B-H Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata with the Class B Reference Tranche, with an Initial Class Notional Amount of \$247,062,619, and which, together with the Class B Reference Tranche, has an Initial Subordination and Credit Enhancement of 0.00% in respect of the Reference Pool.
15. "Class M-1 Notes" has the meaning set forth in the STACR 2015-DNA3 Offering Circular.
16. "Class M-1 Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata with the Class M-1H Reference Tranche, with an Initial Class Notional Amount of \$200,000,000, and which, together with the Class M-1H Reference Tranche, has an Initial Subordination and Credit Enhancement of 4.85% in respect of the Reference Pool.
17. "Class M-1H Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata with the Class M-1 Reference Tranche, with an Initial Class Notional Amount of \$147,062,620, and which, together with the Class M-1 Reference Tranche, has an Initial Subordination and Credit Enhancement of 4.85% in respect of the Reference Pool.
18. "Class M-2 Notes" has the meaning set forth in the STACR 2015-DNA3 Offering Circular.
19. "Class M-2 Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata with the Class M-2H Reference Tranche, with an Initial Class Notional Amount of \$440,000,000, and which, together with the Class M-2H Reference Tranche, has an Initial Subordination and Credit Enhancement of 2.65% in respect of the Reference Pool.
20. "Class M-2H Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata to the Class M-2 Reference Tranche, with an Initial Class Notional Amount of \$323,537,762, and which, together with the Class M-2 Reference Tranche, has an Initial Subordination and Credit Enhancement of 2.65% in respect of the Reference Pool.
21. "Class M-3 Notes" has the meaning set forth in the STACR 2015-DNA3 Offering Circular.

22. "Class M-3 Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata with the Class M-3H Reference Tranche, with an Initial Class Notional Amount of \$330,000,000, and which, together with the Class M-3H Reference Tranche, has an Initial Subordination and Credit Enhancement of 1.00% in respect of the Reference Pool.
23. "Class M-3H Reference Tranche" means a Reference Tranche associated with the Reference Pool that is pro rata to the Class M-3 Reference Tranche, with an Initial Class Notional Amount of \$242,653,322, and which, together with the Class M-3 Reference Tranche, has an Initial Subordination and Credit Enhancement of 1.00% in respect of the Reference Pool.
24. "Class Notional Amount" means the notional amount associated with each Class of Reference Tranche, adjusted in accordance with Article VI(B). The Initial Class Notional Amount associated with each Class of Reference Tranche is set forth in the definition for each such Class of Reference Tranche.
25. "Collateral Calculation Date" means the Business Day that is the end of a calendar month, and which date is used to determine the Outstanding Collateral Amount and the Security Amount.
26. "Collateral Requirement" means that certain percentage of the Insurer's then-remaining Policy Limit of Liability as determined and assessed by the Insured to collateralize the Insurer's claims payment obligations hereunder which such percentage is subject to change based on changes in certain financial strength ratings of the Insurer, all as established in accordance with the Trust Agreement.
27. "Covered Amount" means, with respect to a Loss, the amount set forth in Article I of this Policy.
28. "Credit Event" means, with respect to any Premium Payment Date on or before the Termination Date and any Reference Obligation, the first to occur of any of the following events with respect to such Reference Obligation being reported by the applicable servicer to the Insured during the related Reporting Period: (i) a short sale is settled, (ii) the related Mortgage Note is sold to a third party, (iii) the Mortgaged Property that secured the related Mortgage Note is sold to a third party at a foreclosure sale, (iv) an REO disposition occurs, or (v) the related Mortgage Note is charged off. With respect to any Credit Event Reference Obligation, there can only be one occurrence of a Credit Event; provided that one additional separate Credit Event can occur with respect to each instance of such Credit Event Reference Obligation becoming a Reversed Credit Event Reference Obligation.
29. "Credit Event Amount" means, with respect to any Premium Payment Date, the aggregate amount of the Credit Event UPBs of all Credit Event Reference Obligations for the related Reporting Period.
30. "Credit Event Net Gain" with respect to any Credit Event Reference Obligation, means an amount equal to the excess, if any, of:
- (a) the related Net Liquidation Proceeds; over
  - (b) the sum of:
    - (i) the related Credit Event UPB;
    - (ii) the total amount of prior principal forgiveness modifications, if any, on the related Credit Event Reference Obligation; and
    - (iii) delinquent accrued interest thereon, calculated at the related Current Accrual Rate from the related last paid interest date through the date the Insured determines such Reference Obligation has been reported as a Credit Event Reference Obligation.



31. "Credit Event Net Loss" with respect to any Credit Event Reference Obligation, means an amount equal to the excess, if any, of:
- (a) the sum of:
    - (i) the related Credit Event UPB;
    - (ii) the total amount of prior principal forgiveness modifications, if any, on the related Credit Event Reference Obligation; and
    - (iii) delinquent accrued interest thereon, calculated at the related Current Accrual Rate from the related last paid interest date through the date the Insured determines such Reference Obligation has been reported as a Credit Event Reference Obligation, over
  - (b) the related Net Liquidation Proceeds.
32. "Credit Event Reference Obligation" means, with respect to any Premium Payment Date, any Reference Obligation with respect to which a Credit Event has occurred.
33. "Credit Event UPB" means, with respect to any Credit Event Reference Obligation, the unpaid principal balance thereof as of the end of the Reporting Period related to the Premium Payment Date on which it became a Credit Event Reference Obligation.
34. "Cumulative Net Loss Percentage" means, with respect to each Premium Payment Date, a percentage equal to (i) the Principal Loss Amount for such Premium Payment Date and all prior Premium Payment Dates less the Principal Recovery Amount for such Premium Payment Date and all prior Premium Payment Dates; divided by (ii) the aggregate unpaid principal balance of the Reference Obligations in the Reference Pool as of the Cut-off Date.
35. "Cumulative Net Loss Test" means, with respect to any Premium Payment Date, a test that will be satisfied if the Cumulative Net Loss Percentage does not exceed the applicable percentage indicated below:
- | <u>Premium Payment Date occurring in the period</u> | <u>Percentage</u> |
|---|-------------------|
| November 2015 to October 2016.....                  | 0.10%             |
| November 2016 to October 2017.....                  | 0.20%             |
| November 2017 to October 2018.....                  | 0.30%             |
| November 2018 to October 2019.....                  | 0.40%             |
| November 2019 to October 2020.....                  | 0.50%             |
| November 2020 to October 2021.....                  | 0.60%             |
| November 2021 to October 2022.....                  | 0.70%             |
| November 2022 to October 2023.....                  | 0.80%             |
| November 2023 to October 2024.....                  | 0.90%             |
| November 2024 to October 2025.....                  | 1.00%             |
| November 2025 to October 2026.....                  | 1.10%             |
| November 2026 to October 2027.....                  | 1.20%             |
| November 2027 and thereafter.....                   | 1.30%             |
36. "Current Accrual Rate" with respect to each Premium Payment Date and any Reference Obligation, means the lesser of (i) the related current Accounting Net Yield; and (ii) the related current mortgage rate thereon (as adjusted for any modifications) minus 0.35%.
37. "Cut-off Date" means close of business on September 15, 2015.
38. "Cut-off Date Balance" means \$ 34,706,261,919; the aggregate unpaid principal balance of the Reference Obligations as of the Cut-Off Date.
39. "Delinquency Test" means for any Premium Payment Date, a test that will be satisfied if:

- (a) the sum of the Distressed Principal Balance for the current Premium Payment Date and each of the preceding five Premium Payment Dates, divided by six  
is less than
  - (b) 50% of the amount by which (i) the product of (x) the Subordinate Percentage and (y) the aggregate UPB of the Reference Obligations as of the preceding Premium Payment Date; exceeds (ii) the Principal Loss Amount for the current Premium Payment Date.
40. "Distressed Principal Balance" means for any Premium Payment Date, the sum, without duplication, of the UPB of Reference Obligations that meet any of the following criteria:
- (a) Reference Obligations that are 60 days or more delinquent;
  - (b) Reference Obligations that are in foreclosure, bankruptcy, or REO status; or
  - (c) Reference Obligations that were modified in the 12 months preceding the end of the related Reporting Period.
41. "Early Redemption Option" means, at the sole discretion of the Insured, the option to redeem any Class (or all Classes) of the Original Notes prior to the Maturity Date on any Premium Payment Date at the earlier of (i) on or after the Premium Payment Date on which the aggregate unpaid principal balance of the Reference Obligations is less than or equal to 10% of the Cut-off Date Balance of the Reference Obligations or (ii) on or after the Premium Payment Date in October 2025, by paying an amount equal to the outstanding Class Principal Balance, after allocation of the Tranche Write-down Amount or Tranche Write-up Amount, if any, for such Premium Payment Date, of each Class of Original Notes, plus accrued and unpaid interest.
42. "Effective Date" has the meaning set forth in the Declarations.
43. "Eligibility Criteria" has the meaning set forth in Article VI(A)(2) of this Policy.
44. "Expiry Date" has the meaning set forth in the Declarations.
45. "First Premium Payment" has the meaning set forth in Article VI(D)(1).
46. "Global Agent" means U.S. Bank National Association ("U.S. Bank"), or any such successor entity under the STACR 2015-DNA3 Agreement.
47. "Governmental Entity" means any foreign, domestic, federal, territorial, state or local governmental or independent regulatory authority, quasi-governmental authority, instrumentality, court or government, self-regulatory organization, commission, tribunal or organization or any political or other subdivision, department, branch or representative of any of the foregoing, and shall include the Federal Housing Finance Agency, in its role as conservator and regulator of the Insured, as well as [REDACTED], in its role as regulator (and, as applicable, rehabilitator or any like role) of the Insurer.
48. "Guide" means Freddie Mac Single Family Seller/Servicer Guide.
49. "Initial Class Notional Amount" has the meaning set forth in Article VI(B)(1).
50. "Initial Subordination and Credit Enhancement" means, in respect of a Class or Classes of Reference Tranches, an amount equal to the percentage of the Cut-off Date Balance of the Reference Pool represented by the aggregate Initial Class Notional Amount of the Class or Classes of Reference Tranches subordinate to the subject Class or Classes of Reference Tranches.



51. "Insurance Application" means all information provided by or on behalf of the Insured to the Insurer prior to the Policy Period, as set forth in the STACR 2015-DNA3 Documentation.
52. "Insured" means the entity named in the Declarations.
53. "Insured Percentage" means the percentage of coverage corresponding to each Reference Tranche specified in the Declarations.
54. "Insured Tranche" means either the Class M-1H Reference Tranche or the Class M-2H Reference Tranche or the Class M-3H Reference Tranche or the Class B-H Reference Tranche (and together, the "Insured Tranches").
55. "Insurer" means the entity named in the Declarations.
56. "Interest Accrual Amount" means, with respect to each outstanding Class of Original Notes and each Premium Payment Date, an amount equal to the accrued interest at the Class Coupon on the Class Notional Amount of each Class of Original Notes immediately prior to such Premium Payment Date.
57. "Interest Payment Amount" means, with respect to each outstanding Class of Original Notes and each Premium Payment Date, the Interest Accrual Amount to which any holder of an Original Note in an outstanding Class of Original Notes is entitled under the STACR 2015-DNA3 Agreement, less any Modification Loss Amount for such Premium Payment Date allocated to reduce the Interest Accrual Amount for such Class of Original Notes pursuant to the priorities set forth under Article VI(C)(1), or plus any Modification Gain Amount for such Premium Payment Date allocated to increase the Interest Accrual Amount of such Class of Original Notes pursuant to the priorities set forth under Article VI(C)(2).
58. "Knowledge" or "Knowing" means actual knowledge, after performing diligent inquiry.
59. "Liquidation Proceeds" means, with respect to any Credit Event Reference Obligation, all cash amounts (including sales proceeds, net of selling expenses), received in connection with the liquidation of the Credit Event Reference Obligation.
60. "Loss" has the meaning set forth in Article I of this Policy.
61. "Major Servicing Defect" means with respect to each Premium Payment Date and any Reference Obligation for which the Insured has determined the existence of an Unconfirmed Servicing Defect, the occurrence of any of the following:
- (a) the related servicer repurchased such Reference Obligation or made the Insured whole resulting in a full recovery of losses incurred ("Make-Whole") during the related Reporting Period; or
  - (b) the party responsible for the representations and warranties and/or servicing obligations or liabilities with respect to the Reference Obligation becomes subject to a bankruptcy, an insolvency proceeding or a receivership.
- Reference Obligations covered under servicing settlements will not result in Major Servicing Defects.
62. "Material" as used in connection with the Insurance Application means information that a reasonable Person in the position of the Insurer would require to properly evaluate the risk associated with the Policy.
63. "Maturity Date" means the Premium Payment Date in April 2028.

64. "Minimum Credit Enhancement Test" means, with respect to any Premium Payment Date, a test that will be satisfied if the Subordinate Percentage is greater than or equal to 6.35%.
65. "Minor Servicing Defect" means with respect to each Premium Payment Date and any Reference Obligation for which the Insured has determined the existence of an Unconfirmed Servicing Defect, the occurrence of a remedy, other than by repurchase or Make-Whole (as defined above) that is mutually agreed upon by both the Insured and the related servicer that results in a recovery of the damages sustained by the Insured on such Reference Obligation as a result of the Unconfirmed Servicing Defect.

No Reference Obligation will be removed from the Reference Pool as a result of the determination of a Minor Servicing Defect, and any such Reference Obligation will remain eligible to become subject to an Underwriting Defect or Major Servicing Defect.

66. "Modification Event" means, with respect to any Reference Obligation, a forbearance or mortgage rate modification relating to such Reference Obligation.
67. "Modification Excess" means, with respect to each Premium Payment Date and any Reference Obligation that has experienced a Modification Event, the excess, if any, of:
- (a) one-twelfth of the Current Accrual Rate multiplied by the interest bearing UPB of such Reference Obligation; over
  - (b) one-twelfth of the Original Accrual Rate multiplied by the UPB of such Reference Obligation.
68. "Modification Gain Amount" means, with respect to each Premium Payment Date, the excess, if any, of the aggregate Modification Excess over the aggregate Modification Shortfall for such Premium Payment Date.
69. "Modification Loss Amount" means, with respect to each Premium Payment Date, the excess, if any, of the aggregate Modification Shortfall over the aggregate Modification Excess for such Premium Payment Date.
70. "Modification Shortfall" means, with respect to each Premium Payment Date and any Reference Obligation that has experienced a Modification Event, the excess, if any, of:
- (a) one-twelfth of the Original Accrual Rate multiplied by the unpaid principal balance ("UPB") of such Reference Obligation; over
  - (b) one-twelfth of the Current Accrual Rate multiplied by the interest bearing UPB of such Reference Obligation.
71. "Mortgage Loan" means a Reference Obligation evidenced by a Mortgage Note secured by a first mortgage, deed of trust or similar security instrument on a residential property.
72. "Mortgage Note" means a promissory note or other similar evidence of indebtedness.
73. "Mortgagor" has the meaning set forth in the STACR 2015-DNA3 Offering Circular.
74. "Net Liquidation Proceeds" means, with respect to each Premium Payment Date and any Credit Event Reference Obligation, the sum of the related Liquidation Proceeds, any related mortgage insurance proceeds, and any proceeds received from the related servicer in connection with a Minor Servicing Defect (except for those included in Modification Excess), less related expenses and credits, including but not limited to taxes and insurance, legal costs, maintenance and preservation costs.
75. "Net Premium Payment" has the meaning set forth in Article VI(D)(3)



76. "Net Premium Payment Limit" has the meaning set forth in Article VI(D)(4).
77. "Original Accrual Rate" means, with respect to each Premium Payment Date and any Reference Obligation, the lesser of (i) the related Accounting Net Yield as of the Cut-off Date; and (ii) the related mortgage rate as of the Cut-off Date minus 0.35%.
78. "Original Note" means, collectively, the Class M-1, Class M-2, Class M-3 and Class B Notes.
79. "Origination Rep and Warranty/Servicing Breach Settlement" means any settlement (which settlement only relates to claims arising from breaches of origination representations and warranties or breaches of servicing obligations) that the Insured enters into with a seller or servicer in lieu of requiring such seller or servicer to repurchase a specified pool of Mortgage Loans which include, among others, one or more Reference Obligations, as a result of breaches of origination representations or warranties or as a result of breaches of servicing obligations whereby the Insured has received the agreed-upon settlement proceeds from such seller or servicer.
80. "Origination Rep and Warranty/Servicing Breach Settlement Amount" means with respect to the Premium Payment Date in the month after the calendar month in which an Origination Rep and Warranty/Servicing Breach Settlement occurs, the lesser of:
- (a) the aggregate amount of Credit Event Net Losses of the Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations for such Premium Payment Date and all prior Premium Payment Dates, less the aggregate amount of Credit Event Net Losses of the Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations that were Reversed Credit Event Reference Obligations for such Premium Payment Date and all prior Premium Payment Dates; and
  - (b) the Origination Rep and Warranty/Servicing Breach Settlement Loan Allocation Amount (Cap); and
- with respect to each Premium Payment Date thereafter, the lesser of:
- (c) the aggregate amount of Credit Event Net Losses of the Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations for such Premium Payment Date; and
  - (d) the maximum of:
    - (i) zero; and
    - (ii) the Origination Rep and Warranty/Servicing Breach Settlement Loan Allocation Amount (Cap), less the Origination Rep and Warranty/Servicing Breach Settlement Amount for all prior Premium Payment Dates.
81. "Origination Rep and Warranty/Servicing Breach Settlement Loan Allocation Amount (Cap)" means with respect to any Origination Rep and Warranty/Servicing Breach Settlement, an amount equal to the product of (a) the settlement proceeds received by the Insured in connection with such Origination Rep and Warranty/Servicing Breach Settlement and (b) the percentage expressed as a fraction, (i) the numerator of which is the sum of the proceeds that the Insured has received for repurchase requests, not including the settlement proceeds, for such Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations through the related Origination Rep and Warranty/Servicing Breach Settlement date, plus, the current unpaid principal balance of outstanding repurchase requests (issued by the Insured to the applicable seller or servicer) for such Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations as of the related Origination Rep and Warranty/Servicing Breach Settlement date; and (ii) the denominator of which is the sum of the proceeds that the Insured has received for repurchase requests, not including the settlement proceeds, for all the Mortgage Loans (including, among others, Origination Rep and Warranty/Servicing Breach Settlement Reference

Obligations) covered by such Origination Rep and Warranty/Servicing Breach Settlement through the related Origination Rep and Warranty/Servicing Breach Settlement date, plus, the current unpaid principal balance of outstanding repurchase requests (issued by the Insured to the applicable seller or servicer) for all the Mortgage Loans (including, among others, Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations) covered by such Origination Rep and Warranty Settlement/Servicing Breach as of the related Origination Rep and Warranty/Servicing Breach Settlement date.

82. "Origination Rep and Warranty/Servicing Breach Settlement Reference Obligations" mean the Reference Obligations (including Credit Event Reference Obligations) that are covered by an Origination Rep and Warranty/Servicing Breach Settlement.
83. "Outstanding Collateral Amount" means, as of the applicable Collateral Calculation Date, the aggregate fair market value of the Assets held in the Trust Account.
84. "Overcollateralization Amount" has the meaning set forth in Article VI(B)(5) of this Policy.
85. "Payment Date Statement" means the monthly report prepared by the Global Agent, as set forth in the STACR 2015-DNA3 Offering Circular.
86. "Person" means any natural person, corporation, limited partnership, general partnership, association, company, limited liability company, trust, business trust, statutory trust, trustee, Governmental Entity or other organization, whether or not a legal entity.
87. "Premium" means the amounts payable from the Insured to the Insurer, as set forth in the Declarations.
88. "Premium Accrual Amount" has the meaning set forth in Article VI(D)(2).
89. "Premium Payment Date" means the twenty-fifth (25th) day of each month (or, if such day is not a Business Day, then on the next succeeding Business Day).
90. "Policy Limit of Liability" means the amount approved by the Insurer in the Declarations as the maximum amount payable for all Covered Amounts under this Policy.
91. "Policy Period" means the period beginning with the Effective Date shown in the Declarations and ending on the Expiry Date shown in the Declarations, unless this Policy is canceled earlier in accordance with the terms of this Policy.
92. "Principal Loss Amount" with respect to each Premium Payment Date, means the sum of:
  - (a) the aggregate amount of Credit Event Net Losses for all Credit Event Reference Obligations for the related Reporting Period;
  - (b) the aggregate amount of court-approved principal reductions (*i.e.*, "cramdowns") on the Reference Obligations in the related Reporting Period;
  - (c) subsequent losses on any Reference Obligation that became a Credit Event Reference Obligation on a prior Premium Payment Date; and
  - (d) amounts included in the *second*, *fourth*, *sixth*, and *eighth* priorities under the Allocation of Modification Loss Amounts set forth in Article VI(C)(1)(b).
93. "Principal Recovery Amount" with respect to each Premium Payment Date, means the sum of:
  - (a) the aggregate amount of Credit Event Net Losses for all Reversed Credit Event Reference Obligations for the related Reporting Period;



- (b) subsequent recoveries on any Reference Obligation that became a Credit Event Reference Obligation on a prior Premium Payment Date;
  - (c) the aggregate amount of the Credit Event Net Gains of all Credit Event Reference Obligations for the related Reporting Period;
  - (d) the Origination Rep and Warranty/Servicing Breach Settlement Amount for such Premium Payment Date; and
  - (e) the Projected Recovery Amount.
94. "Projected Recovery Amount" means the fair value of the estimated amount of subsequent recoveries on the Credit Event Reference Obligations as determined solely by the Insured on the Termination Date. The Projected Recovery Amount will be included in the Principal Recovery Amount on the Termination Date
95. "Proof of Loss" means the Insured's executed notice of Claim and proof of Loss (*i.e.*, the Payment Date Statement applicable to the Premium Payment Date to which the Loss relates), in the Form of Exhibit D.
96. "Recovery Principal" means with respect to any Premium Payment Date the sum of:
- (a) the excess, if any, of the Credit Event Amount for such Premium Payment Date, over the Tranche Write-down Amount for such Premium Payment Date; and
  - (b) the Tranche Write-up Amount for such Premium Payment Date.
97. "Reference Obligation" has the meaning set forth in Article VI(A)(1) of this Policy.
98. "Reference Pool Removal" has the meaning set forth in Article VI(A)(3) of this Policy.
99. "Reference Tranche" has the meaning set forth in Article VI(B)(1) of this Policy.
100. "Reference Transaction" has the meaning assigned in the Declarations.
101. "REO" means real estate owned, as the term is commonly understood in the mortgage industry.
102. "Reporting Period" has the meaning set forth in Article VI(B)(3) of this Policy.
103. "Reversed Credit Event Reference Obligation" means, with respect to any Premium Payment Date, a Reference Obligation formerly in the Reference Pool that became a Credit Event Reference Obligation in a prior Reporting Period that is found in the related Reporting Period, through the Insured's quality control process, to have an Underwriting Defect, Major Servicing Defect or a data correction that invalidates the previously determined Credit Event.
104. "Scheduled Principal" means, with respect to any Premium Payment Date, the sum of all monthly scheduled payments of principal due (whether with respect to the related Reporting Period or any prior Reporting Period) on the Reference Obligations in the Reference Pool and reported to the Insured and collected by the related servicer during the related Reporting Period.
105. "Security Amount" means, as of the applicable Collateral Calculation Date, an amount equal to the product of the (a) Collateral Requirement, (b) corresponding Insured Percentage, and (c) then-remaining Class Notional Amount as of such date for each of the Class M-1H Reference Tranche, Class M-2H Reference Tranche, Class M-3H Reference Tranche, and Class B-H Reference Tranche, respectively.
106. "Senior Percentage" means, with respect to any Premium Payment Date, the percentage equivalent of a fraction, the numerator of which is the Class Notional Amount of the Class A-H Reference Tranche immediately prior to such Premium Payment Date and the denominator of

which is the aggregate unpaid principal balance of the Reference Obligations in the Reference Pool at the end of the previous Reporting Period.

107. "Senior Reduction Amount" means, with respect to any Premium Payment Date, is either:

- (a) with respect to each Premium Payment Date, if any of the Minimum Credit Enhancement Test, the Cumulative Net Loss Test or the Delinquency Test is not satisfied, the sum of:
  - (i) the Senior Percentage of the Scheduled Principal for such Premium Payment Date;
  - (ii) 100% of the Unscheduled Principal for such Premium Payment Date; and
  - (iii) 100% of the Recovery Principal for such Premium Payment Date; or
- (b) with respect to each Premium Payment Date, if the Minimum Credit Enhancement Test, the Cumulative Net Loss Test and the Delinquency Test are satisfied, the sum of:
  - (i) the Senior Percentage of the Scheduled Principal for such Premium Payment Date;
  - (ii) the Senior Percentage of the Unscheduled Principal for such Premium Payment Date; and
  - (iii) 100% of the Recovery Principal for such Premium Payment Date.

108. "STACR 2015-DNA3 Agreement" means the STACR 2015-DNA3 Debt Agreement dated as of April 28, 2015, as it may be amended or supplemented from time to time, and attached to this Policy as Exhibit A.

109. "STACR 2015-DNA3 Documentation" means, collectively, the STACR 2015-DNA3 Agreement, the STACR 2015-DNA3 Offering Circular, and the STACR 2015-DNA3 Global Agency Agreement.

110. "STACR 2015-DNA3 Global Agency Agreement" means the agreement between the Insured and the Global Agent, dated April 28, 2015, a copy of which is attached to this Policy as Exhibit C.

111. "STACR 2015-DNA3 Offering Circular" means *The Freddie Mac STACR 2015-DNA3 Debt Notes, Series 2015-DNA3 Offering Circular* dated April 22, 2015 (including any related supplement thereto) attached to this Policy as Exhibit B.

112. "Subordinate Percentage" means, with respect to any Premium Payment Date, the percentage equal to 100% minus the Senior Percentage for such Premium Payment Date.

113. "Subordinate Reduction Amount" means, with respect to any Premium Payment Date, the sum of the Scheduled Principal, Unscheduled Principal and Recovery Principal for such Premium Payment Date, less the Senior Reduction Amount.

114. "Termination Date" means the earliest of (i) the Maturity Date, (ii) the date on which any cancellation under Article VII(C) takes effect, or (iii) the date on which the full benefit of the insurance coverage provided by this Policy has been fulfilled.

115. "Tranche Write-down Amount" means, with respect to each Premium Payment Date, the excess, if any, of the Principal Loss Amount for such Premium Payment Date over the Principal Recovery



Amount for such Premium Payment Date. With respect to each Premium Payment Date, the Class Notional Amount for the Class A-H Reference Tranche will be increased by the excess, if any, of the Tranche Write-down Amount for such Premium Payment Date over the Credit Event Amount for such Premium Payment Date.

116. "Tranche Write-up Amount" means, with respect to each Premium Payment Date, the excess, if any, of the Principal Recovery Amount for such Premium Payment Date over the Principal Loss Amount for such Premium Payment Date.
117. "Trust Account" means the trust account established and maintained for the sole benefit of the beneficiary thereunder, pursuant to the terms of the Trust Agreement.
118. "Trust Agreement" means the trust agreement, which is comprised of the base trust agreement and its respective trust supplement, to be entered into within thirty (30) days after the Effective Date among the Insurer, as the grantor, the Insured, as the beneficiary, and the Bank of New York, as the trustee.
119. "Unconfirmed Servicing Defect" means with respect to any Reference Obligation, the existence of the following, as determined by the Insured in its sole discretion:
- (a) there is a violation of the servicing guidelines and other requirements in the Guide (as modified by the terms of the related servicer's contract, including any related TOBs); and
  - (b) The Insured has issued a notice of defect, repurchase letter or a repurchase alternative letter related to the servicing breach.

For the avoidance of doubt, Reference Obligations with minor technical violations, which in each case the Insured determines to be acceptable Reference Obligations, may not result in an Unconfirmed Servicing Defect

120. "Unconfirmed Underwriting Defect" means with respect to any Reference Obligation, the existence of the following, as determined by the Insured in its sole discretion: (i) there is a material violation of the underwriting guidelines and other requirements in the Freddie Mac Single Family Seller/Servicer Guide (as modified by the terms of the related seller's contract, including any related terms of business) with respect to such Reference Obligation, (ii) the Insured determines that as of the origination date such Reference Obligation was secured by collateral that was inadequate or (iii) the Insured determines that as of the origination date repayment in full on such Reference Obligation from the related Mortgagor could not be expected. For the avoidance of doubt, Reference Obligations with minor technical violations or missing documentation, which in each case the Insured determines to be an acceptable Reference Obligation, will not result in an Unconfirmed Underwriting Defect.
121. "Underwriting Defect" means with respect to any Premium Payment Date and any Reference Obligation for which the Insured has determined the existence of an Unconfirmed Underwriting Defect, the occurrence of any of the following: (i) such Reference Obligation is repurchased by the related seller or servicer during the related Reporting Period, (ii) in lieu of repurchase, an alternative remedy (such as indemnification) is mutually agreed upon by both the Insured and the related seller or servicer during the related Reporting Period, (iii) the Insured in its sole discretion elects to waive the enforcement of a remedy against the seller or servicer in respect of such Unconfirmed Underwriting Defect during the related Reporting Period, or (iv) the party responsible for the representations and warranties and/or servicing obligations or liabilities with respect to the Reference Obligation becomes subject to a bankruptcy, insolvency proceeding or a receivership. For the avoidance of doubt, if, through the Insured's quality control process, a loan were discovered to have an Underwriting Defect and the seller of the loan were declared insolvent or bankrupt; then one of the two things will happen depending upon whether or not the loan has suffered a Credit Event: (a) should the loan have suffered a Credit Event, then such

Credit Event will be reversed through the Claim Refund process set forth in Article II(J); or (b) should the loan have not suffered a Credit Event, then it will be removed pursuant to Reference Pool Removal and the unpaid principal balance of the loan will be treated as Unscheduled Principal.

122. "Unscheduled Principal" means, with respect to any Premium Payment Date, the sum of:

- (a) all partial principal prepayments on the Reference Obligations collected during the related Reporting Period, *plus*
- (b) the aggregate unpaid principal balance of all Reference Obligations that became Reference Pool Removals during the related Reporting Period other than Credit Event Reference Obligations or any Reversed Credit Event Reference Obligations, *plus*
- (c) negative adjustments in the unpaid principal balance of all Reference Obligations as the result of loan modifications or data corrections, *minus*
- (d) positive adjustments in the unpaid principal balance of all Reference Obligations as the result of loan modifications, reinstatements into the Reference Pool of Reference Obligations that were previously removed from the Reference Pool in error, or data corrections.

In the event the amount in clause (d) above exceeds the sum of the amounts in clauses (a), (b), and (c) above, the Unscheduled Principal for the applicable Premium Payment Date will be zero, and the Class Notional Amount for the Class A-H Reference Tranche will be increased by the amount that the amount in clause (d) above exceeds the sum of the amounts in clauses (a), (b), and (c) above. In the event that the Class Notional Amount for the Class A-H Reference Tranche is so increased as described in the prior sentence, this would have the effect of increasing the Senior Percentage and correspondingly reducing the Subordinate Percentage, which would have a negative impact on the Original Notes in respect of the calculations of the Senior Reduction Amount and the Subordinate Reduction Amount, as described above. In the event that the Insured were to ever employ a policy that permitted or required principal forgiveness as a loss mitigation alternative, any principal that may be forgiven with respect to a Reference Obligation will be treated as a negative adjustment in unpaid principal balance of such Reference Obligation pursuant to clause (c) above. In addition, while principal modifications that result in a negative adjustment in the unpaid principal balance of a Reference Obligations will initially result in an unscheduled principal payment being made to the Original Notes, if such Reference Obligation subsequently becomes a Credit Event Reference Obligation, such principal reduction will be allocated as a loss and possibly result in a Tranche Write-down Amount.

123. "Write-up Excess" has the meaning set forth in Article VI(B)(5) of this Policy.

IN WITNESS HEREOF, each of the Insurer and Insured has caused this Policy to be executed on its behalf and signed in the Declarations by its duly authorized representative.



**EXHIBIT A**

**STACR 2015-DNA3 AGREEMENT**

*(Attached)*



**EXHIBIT B**

**STACR 2015-DNA3 OFFERING CIRCULAR**

*(Attached)*





**EXHIBIT C**

**STACR 2015-DNA3 GLOBAL AGENCY AGREEMENT**

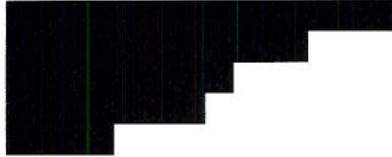
*(Attached)*



**EXHIBIT D**

**NOTICE OF CLAIM AND PROOF OF LOSS**

(Date)



Re: Notice of Claim and Proof of Loss

Pursuant to the terms of the Credit Insurance Policy issued by [REDACTED] (the "Insurer"), policy no. [REDACTED] (the "Policy"), the undersigned authorized representative of Federal Home Loan Mortgage Corporation, also known as Freddie Mac, a government-sponsored enterprise chartered by the U.S. Congress (the "Insured"), hereby submits this notice of Claim and Proof of Loss in accordance with the terms of the Policy in order to provide required information with respect to a Loss, and obtain payment of the associated Covered Amount. Terms not defined herein shall have the meaning set forth in the Policy.

1. **Beginning Class Notional Amount  
relating to the applicable  
Insured Tranche: as of the applicable Premium Payment Date**
2. **Tranche Write-down Amount  
relating to such Insured Tranche as of the  
applicable Premium Payment Date:**
3. **Loss:**
4. **Insured Percentage:**  
  
**Class M-1H Reference Tranche – 19.231311%**  
**Class M-2H Reference Tranche – 18.164374%**  
**Class M-3H Reference Tranche – 15.219277%**  
**Class B-H Reference Tranche – 3.656050%**

5. **Covered Amount:**

**(attach the Payment Date Statement)**

**IN WITNESS WHEREOF**, the undersigned authorized representative of the Insured has executed this Proof of Loss as of (Date).

\_\_\_\_\_  
By:  
Name:  
Title: