

AZ Form 203

Balloon

Provides coverage to a lender regarding the invalidity or unenforceability of the insured mortgage resulting from provisions contained within the Balloon Mortgage Rider.

ENDORSEMENT

Attached to Policy No. SAMPLE

Issued by _____

The Company hereby insures the insured mortgagee against loss or damage by reason of:

1) The invalidity or unenforceability of the lien of the insured mortgage resulting from the provisions therein which provide for a Conditional Right to Refinance and change in the rate of interest as set forth in the mortgage rider. 2) Loss of priority of the lien of the insured mortgage as security for the unpaid principal balance of the loan together with interest thereon, which loss of priority is caused by the exercise of the Conditional Right to Refinance extending the loan term to the New Maturity Date as set forth on the Rider and changing the rate of interest, provided that all the conditions set forth in paragraphs 2 and 5 of the Balloon Mortgage Rider have been met, and there are no other liens, defects, encumbrances, or adverse matters affecting title arising subsequent to date of policy. This endorsement does not insure against loss or damage based upon (a) usury or (b) any consumer credit protection or truth in lending law or (c) bankruptcy.

The total liability of the Company under said policy, binder or commitment and under this and any prior endorsements thereto shall not exceed, in the aggregate, the amount of liability stated on the face of said policy, binder or commitment, as the same may be specifically amended in dollar amount by this or any prior endorsements, and the costs which the Company is obligated to pay under the Conditions and Stipulations of the policy.

This endorsement is made a part of said policy, binder or commitment and is subject to all the terms and provisions thereof, except as modified by the provisions hereof.

Nothing herein contained shall be construed as extending or changing the effective date of the aforesaid policy, binder or commitment unless otherwise expressly stated.