

PROPOSAL FORM FOR MORTGAGE PROTECTION INSURANCE



SUMMARY OF AVAILABLE COVERAGES:

Any combination of sections outlined below may be purchased, provided Sections A and/or C are included.

- ▶ **Section A(1): Physical loss or damage from Required Perils.** Covers loss to the Assured's interest through the uncollectability or non-existence of insurance against perils that are required by the borrower – including mandatory flood insurance – in the Assured's loan closing procedures.
 - ▶ **Section A(2): Liability.** Covers errors and omissions, on a claims made basis, relating to the Assured's handling of physical damage insurance and homeowner's insurance covering the real property of borrowers. The Assured's defense costs are also provided for within the limits.
 - ▶ **Section B(1): Real estate tax liability.** Covers the Assured against errors and omissions relating to non-payment of real estate tax by the Assured on behalf of a borrower.
 - ▶ **Section B(2):** Section suspended as coverage incorporate in Section F.
 - ▶ **Section B(3): Life and Disability insurance.** Covers the Assured against errors and omissions arising out of the Assured's procurement and maintenance of life or disability insurance on behalf of a borrower.
 - ▶ **Section B(4): Flood Disaster Act 1973 liability.** Covers the Assured against errors and omissions claims arising out of Assured's duty to determine whether or not a particular property is in a flood zone.
 - ▶ **Section B(5): GNMA procedures.** Covers the Assured, as mortgage servicer, against errors and omissions should the Assured fail to comply with GNMA procedures which result in a guarantee being lost.
 - ▶ **Section B(6): Title Errors & Omissions liability.** Covers errors and omissions arising out of the Bank's failure to obtain the correct title insurance, or a title abstract or legal opinion as to a title depending on custom and practice.
 - ▶ **Section B(7): Recordation Errors & Omissions.** Covers errors and omissions arising out of the Bank's recordation of a loan as a servicer of a loan sold to GNMA/FNMA/FHLMC.
 - ▶ **Section B(8): Satisfaction of Mortgage liability.** Covers errors and omissions arising out of the Bank's connection with the satisfaction of a mortgage on property in which the Assured holds an insurable interest.
- (Section B coverages are on a 'claims made' basis and, in addition, provide for the Assured's defense costs, within the limits)**
- ▶ **Section C: Physical loss or damage from Balance of Perils.** Provides insurance should the security for the loan suffer a physical loss from any other cause other than outlined in A(1), and the Assured be unable to recover the loan from the borrower.
 - ▶ **Section F: Loss of Veterans Administration, Federal Housing Administration, Small Business Administration and private mortgage guarantee coverage.** Covers loss to the Assured's interest should he fail to provide to a 'mortgage guarantee' agency or Insurance Company its property notice of loans in arrears.
 - ▶ **Section G: Loss of Security Interest due to Defective Title.**
 - ▶ **Section H: Custodial Errors and Omissions.** Losses incurred due to the verification, certification, maintenance and custody of documents concerning loans sold to GNMA, FNMA or FHLMC.

All sections subject to the terms and exclusions of the policy.

PLEASE COMPLETE ALL PARTS OF THIS APPLICATION.

Part 1: General Questions

Note: Policies will be issued in the joint name of the applicant and any 'servicing' subsidiary scheduled below.

1	Name of applicant:
2	Address:
3	Year Established: Charter: State Federal National
4	Type of institution (i.e. Savings and Loan – Member of Savings and Loan League; Federal/Commercial/National Savings Bank; Mortgage Bank; or other):
5	Major affiliations (i.e. National Savings and Loan League/State Savings and Loan Association):

Part 2: Questions concerning the Applicant's Mortgage Portfolio

Note: "Applicant" is to be understood as applicant plus servicing subsidiary named in Part 1. "Value" should, where possible, exclude the value of loans secured solely by land. For the purpose of this insurance "Mortgage" includes Home Equity Loans and Second Mortgages.

1	Does applicant's standard mortgage agreement require borrowers to procure and maintain insurance in an amount of not less than the amount of applicant's mortgage interest for a minimum of the perils of fire and extended coverage and in compliance with any commercial policy coinsurance clause?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	Does the applicant require being named as mortgagee on the mortgagor's insurance policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	Does the applicant require hazard policies for mortgaged properties to be provided by insurance companies with a rating of at least B from Best's policyholder ratings?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	For loans serviced on the applicant's behalf by others, does the applicant require that Servicers carry their own E & O Insurance?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	What is the average life of the applicant's recently paid up loans?	
6	Does the applicant check that insurance required of the mortgagor is in force at loan closing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7	Does the applicant check that insurance is in place at policy anniversary?	<input type="checkbox"/> Yes <input type="checkbox"/> No

8	Does the applicant' "force place" coverage when necessary?	Hazard Insurance	<input type="checkbox"/> Yes	<input type="checkbox"/> No
		Flood Insurance	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Name of Carriers				
Describe the method of tracking used				
9	Does the applicant's forced placed program include the "Automatic Coverage Endorsement"?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
10	Provide the number of foreclosures completed and the number of mortgages outstanding for each of the last three calendar years:			
		Total Number of Mortgages Outstanding	Number of Foreclosures	Average Balance of Loans Foreclosed
	Year ended			
	Year ended			
	Year ended			
11	Over the past 12 months, what was the average length of time prior to sale of foreclosed property:			
12	Provide average percentage of mortgages that were 90 days or more delinquent over the past 12 months:			
13	Estimated Number and Value of Loan originations over the next 12 months, broken down as follows:			
		Number	Value	
	Residential (1 – 4 Family) mortgages			
	Commercial Mortgages:			
14	BREAKDOWN OF ALL MORTGAGES (INCLUDING COMMERCIAL, SECONDS AND HOME EQUITY LOANS)			
		Number	Value	
	(a) Number of mortgages serviced by applicant for own interest (wholly owned or part owned):			
	(b) Number of mortgages serviced by applicant for others (no mortgage interest):			
	(c) Number of mortgages serviced by others for applicant's interest (wholly or part owned):			
	(d) Total number of mortgages both owned and non-owned but serviced (i.e. (a) + (b) + (c)):			

15	Number and value of ALL loans as shown in 14. (d) above that are located in:			
	Number	Value		
Florida				
Alabama			% in 1st tier Coastal Counties	
Connecticut			% in 1st tier Coastal Counties	
Delaware			% in 1st tier Coastal Counties	
Georgia			% in 1st tier Coastal Counties	
Louisiana			% in 1st tier Coastal Counties	
Maine			% in 1st tier Coastal Counties	
Maryland			% in 1st tier Coastal Counties	
Massachusetts			% in 1st tier Coastal Counties	
Mississippi			% in 1st tier Coastal Counties	
New Hampshire			% in 1st tier Coastal Counties	
New Jersey			% in 1st tier Coastal Counties	
New York			% in 1st tier Coastal Counties	
North Carolina			% in 1st tier Coastal Counties	
Rhode Island			% in 1st tier Coastal Counties	
South Carolina			% in 1st tier Coastal Counties	
Texas			% in 1st tier Coastal Counties	
Virginia			% in 1st tier Coastal Counties	
			Number	Value
16	Commercial Mortgages Only:			
17	Second Mortgages and Home Equity Loans:			
18	Mobile Homes Only:			
19	Mortgages in Excess of \$1,000,000:			

20	The Outstanding Balance of the five largest loans:	1.
	2.	3.
	4.	5.
21	Approximate percentage of serviced loans subject to VA, FHA, SBA or other Mortgage Guarantee Insurance:	
22	What procedures are followed to give proper notice of delinquency to mortgage guarantors?	
23	State approximate percentage number of loans on which applicant escrows for:	
	(a) Hazard Insurance	(b) Life and Disability
		(c) Real Estate Taxes
24	What procedures does the applicant employ to monitor payment of Real Estate Taxes?	
25	Has the applicant agreed to undertake any Custodial Services for FHLMC, FNMA and/or GNMA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If "yes", provide the following:	
	(a) Number of loan files the applicant holds in custody for FHLMC:	
	(b) Number of loan files the applicant holds in custody for FNMA:	
	(c) Number of loan files the applicant holds in custody for GNMA:	
	(d) Description of the location, fire protection, & security provided by applicant for these files.	
	(e) Details of back-up records in existence in case of loss to the original files.	
	(f) Details of how the applicant controls and tracks file access, removal & return.	

26	Does the applicant require mortgagors to obtain Title Insurance and/or the equivalent, as appropriate to local practice, at loan closing?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	If "yes", provide the following:		
	(a) Percentage of loans on which evidence is required at loan closing.		
	(b) Description of these requirements.		
	(c) Description of applicant's loan policy provisions with respect to Title examinations / searches.		
	(d) Estimated number of mortgage loans to be made in the next 12 months:		

Part 3: Geographical Breakdown of Loans

Notes: Include in the following those loans in which the applicant has a mortgage interest (wholly or part owned) only (i.e. Loans declared in Part 2 Q14 (a) + (c) only)

DO NOT INCLUDE LOANS OWNED BY OTHER THAN THE APPLICANT.

"Value" should, where possible, exclude the value of loans secured solely by land.

1.	Total number of mortgages (wholly or partially owned) numbered in Part 2 Q14 (a)+(c)		
2.	Total value of mortgages (wholly or partially owned) numbered in Part 2 Q14 (a)+(c)		
3	Area division of mortgages numbered and valued above:	Number	Value
	(a) All States – excluding those States set out separately below:		
	(b) North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana & Texas		
	(c) Tennessee		
	(d) Arkansas		
	(e) Missouri		
	(f) Kentucky		
	(g) Washington		
	(h) Oregon		
	(i) CALIFORNIA COUNTIES, including:		
	i. San Francisco, San Mateo		
	ii. Contra Costa, Alameda		

	iii. Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, Solano, & Sonoma		
	iv. Monterey, San Benito, Santa Cruz, Santa Clara		
	v. Los Angeles		
	vi. Orange		
	vii. Kern, St. Luis Obispo, Santa Barbara, Ventura		
	viii. San Diego		
	ix. Alpine, Imperial, Inyo, Mono, Riverside, San Bernadino		
	x. All other counties not included in i to ix above		
	(j) Hawaii		
	(k) Alaska		
	(l) Puerto Rico		
	(m) Other (please specify)		

Part 4: Coverage Required

	Standard Limit		Optional Limit		Standard Deductible	Optional Deductible
Section A(1), A(2)	Limit	\$ 1,000,000		Deductible	\$ 1,000	
Section B(1)	Limit	\$ 1,000,000		Deductible	\$ 1,000	
Section B(2)	Limit	\$ 100,000		Deductible	\$ 500	
Section B(3)	Limit	\$ 100,000		Deductible	\$ 500	
Section B(4)	Limit	\$ 500,000		Deductible	\$ 500	
Section B(5)	Limit	\$ 250,000		Deductible	\$ 500	
Section B(6)	Limit	\$ 250,000		Deductible	\$ 500	
Section B(7)	Limit	\$ 250,000		Deductible	\$ 500	
Section B(8)	Limit	\$ 250,000		Deductible	\$ 500	

Part 4: Coverage Required cont.

	Standard Limit		Optional Limit		Standard Deductible	Optional Deductible
Section C-Optional	Limit	\$ 1,000,000		Deductible	\$ 5,000	
Section F	Limit	\$ 1,000,000		Deductible	\$ 500	
Section G	Limit	\$ 1,000,000		Deductible	\$ 500	
Section H	Limit	\$ 1,000,000		Deductible	\$ 500	
Other (specify)						

Part 5: Previous Mortgage Protection Policy

Carrier:
Limit of Liability:
Deductible:
Policy Period:
Premium:

Part 6: Declaration

1	Has the applicant made application for insurance under any of the sections of the Policy and been declined?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If "yes", state circumstances:	
2	Has the applicant suffered any losses during the past five years or is the applicant aware of any circumstances likely to give rise to a loss under any Section of the Policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If "yes", state circumstances:	
I/We hereby declare that the above statements and particulars are true, that I/we have not suppressed or mis-stated any material facts and I/we agree that this Proposal Form shall be the basis of the Contract with Underwriters.		
(Signature and title of Officer)		Date