

WVBA

INSURANCE GROUP

PROPOSAL FORM (2006) 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 defence 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 defence 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

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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 '2nd 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?** Yes No
2. **Does the applicant require being named as mortgagee on the mortgagor's insurance policy?** Yes 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?** Yes No
4. **For Loans serviced on the applicant's behalf by others, does the applicant require that Servicers carry their own E & O Insurance?** Yes 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?** Yes No
7. **Does the applicant mail out, at least annually, reminder notices to the borrower that they should maintain hazard insurance?** Yes No

8. Does the applicant "force place" coverage when necessary? Hazard Insurance Yes No
 Flood Insurance Yes No

Name of Carriers: _____

Describe the method of tracking used: _____

9. Does the applicant's forced placed program include the "Automatic Coverage Endorsement"? Yes 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, 2^{NDS} 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 1 st tier Coastal Counties _____
Connecticut	_____	_____	% in 1 st tier Coastal Counties _____
Delaware	_____	_____	% in 1 st tier Coastal Counties _____
Georgia	_____	_____	% in 1 st tier Coastal Counties _____
Louisiana	_____	_____	% in 1 st tier Coastal Counties _____
Maine	_____	_____	% in 1 st tier Coastal Counties _____
Maryland	_____	_____	% in 1 st tier Coastal Counties _____
Massachusetts	_____	_____	% in 1 st tier Coastal Counties _____
Mississippi	_____	_____	% in 1 st tier Coastal Counties _____
New Hampshire	_____	_____	% in 1 st tier Coastal Counties _____
New Jersey	_____	_____	% in 1 st tier Coastal Counties _____
New York	_____	_____	% in 1 st tier Coastal Counties _____
North Carolina	_____	_____	% in 1 st tier Coastal Counties _____
Rhode Island	_____	_____	% in 1 st tier Coastal Counties _____
South Carolina	_____	_____	% in 1 st tier Coastal Counties _____
Texas	_____	_____	% in 1 st tier Coastal Counties _____
Virginia	_____	_____	% in 1 st tier Coastal Counties _____

16. **COMMERCIAL MORTGAGES ONLY:**

Number	Value
_____	_____

17. **2ND MORTGAGES AND HOME EQUITY LOANS:**

Number	Value
_____	_____

18. **MOBILE HOMES ONLY:**

Number	Value
_____	_____

19. **MORTGAGES IN EXCESS OF \$1,000,000:**

Number

20. **The Outstanding Balance of the five largest loans:**

1	_____
<input type="text" value="1"/>	_____
2	_____
<input type="text" value="2"/>	_____
3	_____
<input type="text" value="3"/>	_____
4	_____
<input type="text" value="4"/>	_____
5	_____
<input type="text" value="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?**

Yes 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?** Yes 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

Section A	Limit	Deductible	_____
Section B (1)	Limit	Deductible	_____
Section B (3)	Limit	Deductible	_____
Section B (4)	Limit	Deductible	_____
Section B (5)	Limit	Deductible	_____
Section B (6)	Limit	Deductible	_____
Section B (7)	Limit	Deductible	_____
Section B (8)	Limit	Deductible	_____
Section C	Limit	Deductible	_____
Section F	Limit	Deductible	_____
Section G	Limit	Deductible	_____
Section H	Limit	Deductible	_____
Others (specify)	_____	Deductible	_____

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 had been declined? Yes 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? Yes No

If "yes", give details: _____

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)

(Printed name and title of Officer)

(Email address)