

Proposal Form (2001)

for

Mortgage Protection Insurance



Insurance with certain underwriters at
Lloyds of London

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): _____
- 6 Name and address of servicing subsidiary company(ies): _____

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 'Mortgages' includes 'Home Equity Loans' and 'Second Mortgages'.*

- 1 Does Applicant's standard mortgage agreement require borrower to procure and maintain insurance in an amount of not less than the amount of Applicant's mortgage interest and in compliance with any co-insurance clause in such insurance for perils of:
Fire, Extended Coverage? Yes No Vandalism? Yes No
All Risk/Package Type Policy/Mobile Homeowners form? Yes No
- 2 What type of coverage is most often obtained by borrowers? _____
- 3 For construction loans, does Applicant require borrower to carry builders full All Risks policy? Yes No
- 4 Do you require hazard policies for mortgaged properties to be provided by insurance companies with a rating of at least A+, A or B from Best's policyholder ratings? Yes No
- 5 Do you check that insurance required of the mortgagor is in force (a) at loan closing? Yes No
(b) and at policy anniversary? Yes No
If (b) is 'yes', what type of system do you employ? _____
- 6 Does Applicant carry a 'forced placement' program which automatically provides coverage on a property on which Applicant is aware there is no existing insurance of the type that is required in the mortgage document?
Yes No

If 'yes', name carrier: _____
- 7 Average number and value of foreclosures during **each** of the past 3 years:
Number _____ Value \$ _____
Number _____ Value \$ _____
Number _____ Value \$ _____
- 8 Details of losses under the applicant's force placed policy during **each** of the past 3 years: _____

9 **BREAKDOWN OF ALL MORTGAGES (INCLUDING COMMERCIAL, SECONDS, & HOME EQUITY LOANS)**

- (a) Number of mortgages serviced by Applicant for *own interest*
(wholly owned or part owned) _____ \$_____
(number) (Value)

- (b) Number of mortgages *serviced by Applicant for others*
(no mortgage interest) _____ \$_____
(number) (Value)

- (c) Number of mortgages *serviced by others for Applicant's interest*
(wholly owned or partly owned) _____ \$_____
(number) (Value)

- (d) Total number of mortgages *both owned and non-owned but serviced*
(i.e. (a) + (b)+ (c)) _____ \$_____
(number) (Value)

10 Approximate percentage of loans serviced by applicant for others (**no mortgage interest**) per 9 (b) are located in:

California _____% Florida _____% Gulf Coast States _____%
Eastern Seaboard _____%

11 **COMMERCIAL MORTGAGES ONLY** Number _____ Value \$ _____

12 **SECOND MORTGAGES AND HOME EQUITY LOANS** Number _____ Value \$ _____

- (a) of the above number, on how many does the applicant hold the first mortgage? _____
- (b) of those which the assured does not hold the first mortgage, what procedures, if any, are followed to determine the existence and maintenance of hazard insurance: _____

13 State approximate percentage of serviced loans subject to VA, FHA, SBA or other Mortgaged Guarantee Insurance: _____%

14 What procedures are followed to give proper notice of delinquency to mortgage guarantors? _____

15 State approximate number of loans on which Applicant 'escrows' for:

- (a) Hazard Insurance _____ (b) Life and Disability _____ (c) Real Estate Taxes _____

16 What procedures do you employ to monitor payment of Real Estate Taxes? _____

17 Does the Applicant, provide mortgages in California Yes No

If 'yes' does the Applicant require Earthquake cover to be obtained protecting the subject property?
Yes No

18 Does the Applicant, provide mortgages in areas designated as flood prone in accordance with the Flood Disaster Protection Act of 1973? Yes No

If 'yes' explain what procedures are followed to make certain borrowers have obtained a Federal Flood Policy or suitable substitute as required at closing and each anniversary thereafter: _____

Part 3: Geographic breakdown of loans

Notes: *Include in the following those loans in which the Applicant has a mortgage interest (wholly or part owned) only.*

Do not include loans owned by other than the Applicant

'Values' 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 Q9. (a) + (c): _____

2 Total value of mortgages (wholly or partially owned) numbered in Part 2 Q9. (a) + (c): _____

3 Area division of mortgages numbered and valued above: _____

(a) **All States – excluding** those States set out below:

Total value: \$ _____ Number _____

(b) Maine, New Hampshire, Massachusetts, Connecticut, New York, New Jersey, Rhode Island, Virginia, Maryland and Delaware

Total value: \$ _____ Number _____

Approximate percentage of these loans in first tier coastal counties _____%

(c) North and South Carolina, Georgia and Florida

Total value: \$ _____ Number _____

Approximate percentage of these loans in first tier coastal counties _____%

(d) Texas, Louisiana, Mississippi and Alabama

Total value: \$ _____ Number _____

Approximate percentage of these loans in first tier coastal counties _____%

(e) **CALIFORNIA COUNTIES**, including
(Note: Cover will not be bound unless following are completed correctly.)

(I) San Francisco, San Mateo

Total value: \$ _____ Number _____

(II) Contra Costa, Alameda

Total value: \$_____ Number _____

(III) Del Norte, Humboldt, Lake Marin, Mendocino, Napa, Solano and Sonoma

Total value: \$_____ Number _____

(IV) Monterey, San Benito, Santa Cruz, Santa Clara

Total value: \$_____ Number _____

Los Angeles

Total value: \$_____ Number _____

(V) Orange

Total value: \$_____ Number _____

(VI) Kern, St. Luis Obispo, Santa Barbara, Ventura

Total value: \$_____ Number _____

(VII) San Diego

Total value: \$_____ Number _____

(VIII) Alpine, Imperial, Inyo, Mono, Riverside, San Bernadino

Total value: \$_____ Number _____

(IX) All other counties not included in (I) to (X) above

Total value: \$_____ Number _____

(f) Hawaii, Alaska, Puerto Rico, other (Please specify): _____

Total value: \$_____ Number _____

Part 4: Mobile Homes:

Does Question 8 under Part 2 of the proposal indicate any Mobile Home Loans? Yes No

Whether the answer is yes or no, please provide details as follows:

Number of Mobile Home Mortgage Loans _____

The total outstanding mortgage balance: _____

The States these Mobile Homes are situated in: _____

Has the insured suffered any losses with respect to Mobile Homes? Yes No

If yes, please give details _____

Part 5: Custodial Errors and Omissions:

1 What services has the Applicant agreed to undertake for FHLMC, FNMA, GNMA in connection with Custodial E and O.

2 Number of loan files which Applicant holds in custody for
(a) F.H.L.M.C. (b) F.N.M.A. (c) G.N.M.A.
(a) _____ (b) _____ (c) _____

3 Describe the location(s) which house loan files, paying attention to fire protection and security. _____

4 What 'fall back' records exist in case of the loss of the original file.

5 What procedures exist to review the custody of the file(s).

6 Is the applicant aware after due consideration, of any outstanding claims or circumstances likely to give rise to a 'claim'.

If yes, explain _____

Part 6: Supplementary Questions B(6) and G

- 1 Proportion of loans at the initial closing on which the Applicant required the borrower to obtain Title Insurance and/or equivalent as appropriate to local practice.

- 2 What is the Applicant’s policy with regard to examination

- 3 Estimated number of loans to be made during the next 12 months?

- 4 Is the Applicant aware after due inquiry of any claims made against the Applicant that would give rise to a loss under this extension, or any circumstances that could give rise to such a loss?

Part 7: Previous Mortgage Protection Policy

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

Part 8: Declarations

- 1 Has the Applicant made application for insurance under any of the sections of the Policy and been declined?
Yes No
If ‘yes’, state circumstances: _____
- 2 Has the Applicant suffered any losses during the past five (5) years or is the Applicant aware of any circumstances likely to give rise to a loss under Sections A, B, D, E or F of the Policy? Yes No

3 Has the Applicant suffered any losses during the past ten (10) years under Section C 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 misstated 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)

June 2001