

**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**

<b>A(1)</b>	<b>Physical loss or damage from 'Required Perils'.</b> 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.
<b>A(2)</b>	<b>Liability.</b> 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.
<b>B(1)</b>	<b>Real estate tax liability.</b> Covers the Assured against errors and omissions relating to non-payment of real estate tax by the Assured on behalf of a borrower.
<b>B(2)</b>	Section suspended as coverage incorporate in Section F.
<b>B(3)</b>	<b>Life and Disability insurance.</b> 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.
<b>B(4)</b>	<b>Flood Disaster Act 1973 liability.</b> 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.
<b>B(5)</b>	<b>GNMA procedures.</b> 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.
<b>B(6)</b>	<b>Title Errors &amp; Omissions liability.</b> 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.
<b>B(7)</b>	<b>Recordation Errors &amp; Omissions.</b> 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.
<b>B(8)</b>	<b>Satisfaction of Mortgage liability.</b> 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.
<b>C</b>	<b>Physical loss or damage from Balance of Perils.</b> 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.
<b>F</b>	<b>Loss of Veterans Administration, Federal Housing Administration, Small Business Administration and private mortgage guarantee coverage.</b> 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.
<b>G</b>	<b>Loss of Security Interest due to Defective Title.</b>
<b>H</b>	<b>Custodial Errors and Omissions.</b> Losses incurred due to the verification, certification, maintenance and custody of documents concerning loans sold to GNMA, FNMA or FHLMC.

<b>AGENT / BROKER:</b>	
Name:	Phone:
Address:	Fax:
City, State, Zip:	E-mail:

**LENDERS RISK SERVICES, INC.**  
**305 W. CHESAPEAKE AVENUE, SUITE 210**  
**TOWSON, MD 21204**  
**TOLL-FREE (888) 226-0861 | LOCAL (443) 470-8071 | FAX: (443) 470-8071**



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**PART 1: General Questions**

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

<b>1. Name of Applicant:</b>	
<b>2. Address:</b>	
<b>3. Year Established:</b>	<b>CHARTER:</b> <input type="checkbox"/> State <input type="checkbox"/> National <input type="checkbox"/> Federal
<b>4. Type of Institution:</b>	(i.e. Savings & Loan; Federal/Commercial / National Savings Bank; Mortgage Bank; or other):
<b>5. Major Affiliations:</b>	(i.e. National Savings and Loan League / State Savings and Loan Association / etc.):

**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" shall mean "Outstanding Mortgage Balance," and should, where possible, exclude the value of loans secured solely by land.  
 For the purposes of this insurance, "Mortgage" includes "Home Equity Loans" and "2nd Mortgages."

<b>1.</b> 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
<b>2.</b> Does the applicant require being named as mortgagee on the mortgagor's insurance policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>3.</b> 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
<b>4.</b> 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
<b>5.</b> What is the average life of the applicant's recently paid up loans?	
<b>6.</b> Does the applicant check that insurance required of the mortgagor is in force at loan closing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>7.</b> Does the applicant mail out, at least annually, reminder notices to the borrower that they should maintain hazard insurance?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>8.</b> 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"?  Yes  No

**10.** Provide the number of foreclosures completed and the number of mortgages outstanding for each of the last three calendar years:

Year ended	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	Total of Values
Residential (1-4 Family) mortgages		\$
Commercial Mortgages		\$

**14. BREAKDOWN OF ALL MORTGAGES (INCLUDING COMMERCIAL, 2<sup>ND</sup>S AND HOME EQUITY LOANS):**

	Number	Total of Values
(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 applicant mortgage interest):		
(c) Number of mortgages serviced by others for applicant's interest (wholly owned 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 the states listed below:**

If applicant has NO LOANS located in the states listed below, check here:

State	Number	Total of Values		Percent
Florida		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Alabama		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Connecticut		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Delaware		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Georgia		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Louisiana		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Maine		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Maryland		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Massachusetts		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Mississippi		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
New Hampshire		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
New Jersey		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
New York		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
North Carolina		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Rhode Island		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
South Carolina		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Texas		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%
Virginia		\$	% in 1 <sup>st</sup> tier Coastal Counties:	%

	Number	Total of Values
<b>16. COMMERCIAL MORTGAGES ONLY:</b>		\$
<b>17. 2<sup>ND</sup> MORTGAGES AND HOME EQUITY LOANS ONLY:</b>		\$
<b>18. MOBILE HOME LOANS ONLY:</b>		\$
<b>19. MORTGAGES IN EXCESS OF \$1,000,000:</b>		\$

<b>20. The Outstanding Balance of the five largest loans:</b>	1. \$	3. \$	5. \$
	2. \$	4. \$	

<b>21. Approximate percentage of serviced loans subject to VA, FHA, SBA or other Mortgage Guarantee Insurance:</b>	%
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**22. What procedures are followed to give proper notice of delinquency to mortgage guarantors?**

**23. State approximate percentage of loans on which applicant "escrows" for:**

(a) Hazard Insurance:	%	(b) Life & Disability:	%	(c) Real Estate Taxes:	%
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**24. What procedures does the applicant employ to monitor payment of Real Estate Taxes?**

<b>25.</b> 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 and 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 and return:	
<b>26.</b> Does the applicant require mortgagors to obtain Title Insurance and/or the equivalent, as appropriate to local loan 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) Details 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**

*Note: Include in the following only those loans in which the applicant has a mortgage interest (wholly or part owned) [i.e. Loans declared in Part 2 Question 14.(a) + (c) only].*

**DO NOT INCLUDE LOANS OWNED BY OTHER THAN THE APPLICANT.**

*"Value" shall mean "Outstanding Mortgage Balance," and should, where possible, exclude the value of loans secured solely by land.*

1. Total <u>number</u> of mortgages (wholly or part owned) number in Part 2 Question 14.(a) + (c):		
2. Total <u>value</u> of mortgages (wholly or part owned) number in Part 2 Question 14.(a) + (c):		\$
If applicant has <b><u>NO LOANS</u></b> located in the states or counties listed in 3.(b) through (l) listed below, check here: <input type="checkbox"/>		
<b>3.</b> Area division of mortgages numbered and valued above:	Number	Total of Values
(a) All States – excluding those States set out separately below:		\$
(b) North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana and 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. Louis Obispo, Santa Barbara, Ventura		\$
<u>California Counties are continued on the following page</u>		

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3. Area division of mortgages numbered and valued above:	Number	Total of Values
(i) California Counties (continued from previous page):		
viii. San Diego		\$
ix. Alpine, Imperial, Inyo, Mono, Riverside, San Bernadino		\$
x. All other California counties not included in i. to ix. above		\$
(j) Hawaii		\$
(k) Alaska		\$
(l) Puerto Rico		\$
(m) Other (please specify)		\$

PART 4:		Coverage Required	
	Section	Limit	Deductible
	Section A		
	Section B (1)	\$	\$
	Section B (3)	\$	\$
	Section B (4)	\$	\$
	Section B (5)	\$	\$
	Section B (6)	\$	\$
	Section B (7)	\$	\$
	Section B (8)	\$	\$
	Section C	\$	\$
	Section F	\$	\$
	Section G	\$	\$
	Section H	\$	\$
	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," 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) \_\_\_\_\_ (Phone) \_\_\_\_\_

(Printed Name) \_\_\_\_\_ (E-mail) \_\_\_\_\_ (Fax) \_\_\_\_\_