

## **MGIC's Servicing Guide for Seller/Servicers Under the FHLB Mortgage Purchase Program (MPP)**

**T**his Guide was prepared to assist you in servicing loans submitted under the MPP. Mortgage Guaranty Insurance Corporation (MGIC) is the exclusive provider of Supplemental Mortgage Insurance (SMI) for MPP loans. As a Seller/Servicer, you are responsible for interacting and communicating with MGIC regarding the servicing of delinquent loans. To help maximize the benefit of the Lender Risk Account (LRA), MGIC, as the SMI provider, directs and assists you in that process.

To better understand your role as a Seller/Servicer under this program, the following information provides you with background regarding the structure of the program.

In addition to SMI, loans under the MPP have several components or elements of credit enhancement, including borrower down payment, primary mortgage insurance (MI), and the LRA.

When a borrower's down payment is less than 20%, MI is required. It protects the FHLB against the risk of credit loss resulting from borrower default and foreclosure. Like MI, SMI is applied on a loan-by-loan basis and covers each loan to a specified percentage of the unpaid principal balance of the loan down to 50% exposure. In the event that the loss incurred by the FHLB exceeds the MI coverage, funds from the LRA will reimburse MGIC for any credit losses covered by the SMI and the FHLB for credit losses, and certain noncredit losses, not covered by the SMI.

The LRA is established to cover all expected credit losses on a loan and certain noncredit losses remaining after the MI coverage has been paid. The amount of an LRA varies depending on the commitment amount, various loan characteristics and mix of business. If there are any funds remaining in the LRA after all credit and other losses are covered, any remaining funds are released to the Seller/Servicer in accordance with a predefined schedule. If credit and noncredit losses exceed the funds in the LRA, there will be no release of funds to the Seller/Servicer.

Please refer to MGIC's SMI Master Policy or call your local FHLB representative for more details.

### **Contact Information**

- For questions regarding initial file setup, please call MGIC Insurance Services Department, 800-558-9900, extension 6255.
- For delinquent loan servicing assistance, please call MGIC Claims Department, 800-272-4071, and ask to speak to a Regional Claims Administrator.

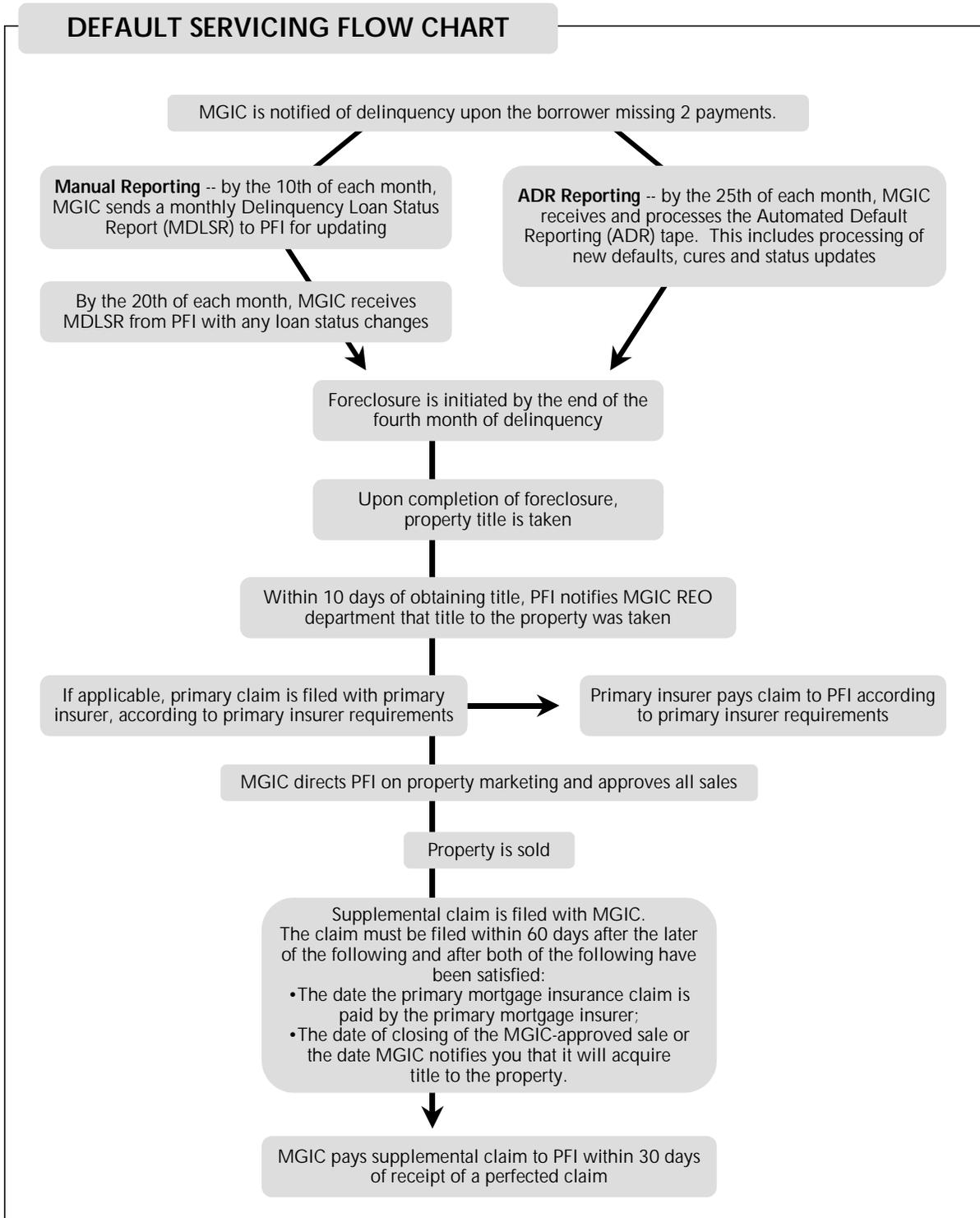
### ***Important Note:***

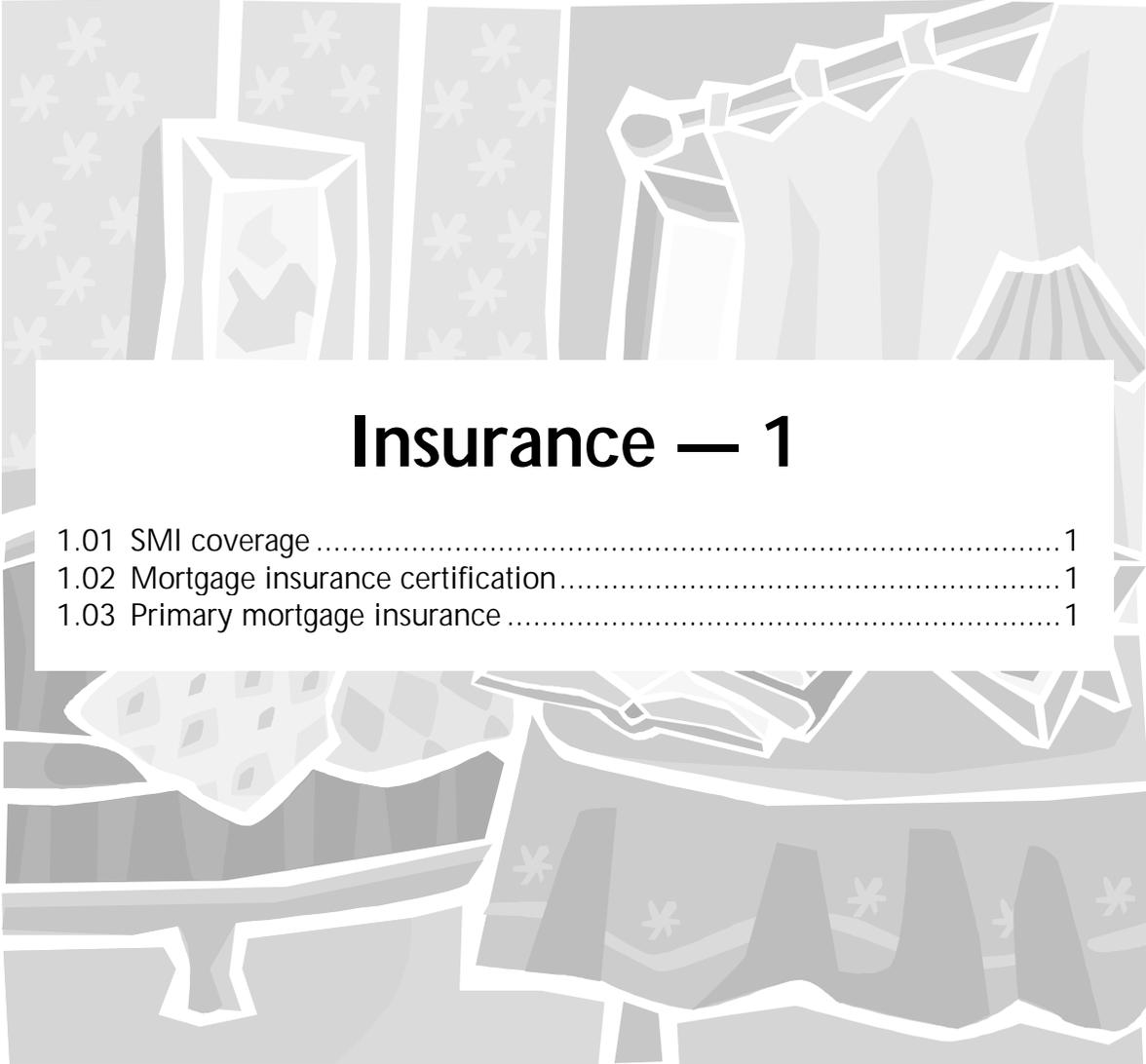
In cases where MGIC is not the primary mortgage insurer, all approvals and requirements must be coordinated with the primary mortgage insurer and MGIC as the SMI insurer.

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This flow chart is a simplified timeline of the expectations outlined in this Default Servicing Guide and MGIC's SMI Master Policy.





# Insurance — 1

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### 1.01 SMI coverage

**S**MI coverage on each loan is assigned an MGIC mortgage insurance certificate number, which you will refer to on any future communication with MGIC. For insurance purposes, MGIC retains information on each loan, such as borrower, property, loan characteristics, and insurance coverage.

Data on loans purchased by FHLB is transferred to MGIC electronically by FHLB on a monthly basis. Insurance coverage is effective as of the date the FHLB purchases the loan from the originator (funded date). The term of coverage on each loan is renewed on a monthly basis and runs for a full calendar month.

### 1.02 Mortgage insurance certification

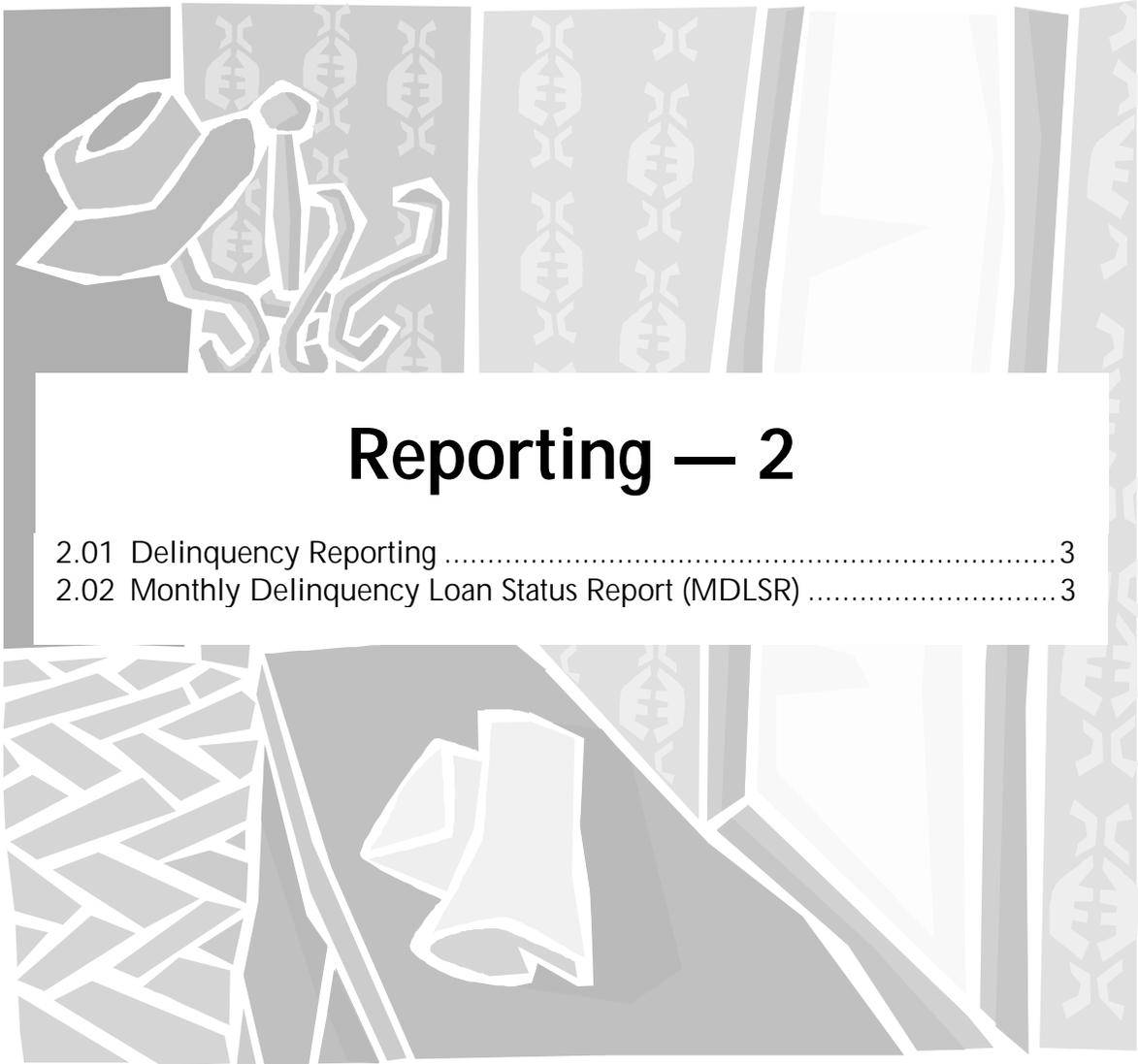
**U**pon assigning the insurance certificate number, MGIC creates an electronic file containing all certificate numbers. This file is sent to the FHLB, the current participating financial institution (PFI) and the master servicer as evidence of insurance coverage.

The file contains FHLB and PFI loan numbers, borrower identification, coverage information, and the MGIC insurance certificate number. This information is provided to facilitate your identification of MGIC-insured loans. We strongly recommend you store the MGIC certificate number at a loan level in your servicing system.

### 1.03 Primary mortgage insurance

**I**f MGIC is both the primary and supplemental mortgage insurer, any approvals will apply to both coverages.

In cases where MGIC is not the primary mortgage insurer, all approvals and requirements must be coordinated with the primary insurer and MGIC as the supplemental mortgage insurer.



# Reporting — 2

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## 2.01 Delinquency Reporting

**W**hen a borrower misses two consecutive payments, a Notice of Delinquency (NOD) (example on page 5) must be filed with MGIC. The NOD is the vehicle used to initiate communication with MGIC on the delinquent loan. It provides MGIC an opportunity to work with you in resolving the delinquency and triggers the establishment of a reserve by MGIC for the potential future claim.

MGIC provides maximum flexibility for default reporting. To minimize your paperwork, our only requirement is that an NOD be submitted to MGIC, manually or electronically.

Default reporting can be accomplished:

- By completing and mailing or faxing the NOD form to:  
  
MGIC  
Attn: Claims Department  
P. O. Box 525  
Milwaukee, WI 53201-0525  
Fax: 414-347-6311
- Via Automated Delinquency Reporting (ADR) for MGIC-approved lenders, as long as your servicing system contains the MGIC certificate number at a loan level, or
- Via MGIC/Link Servicing — MGIC's computer software program.

To obtain additional information on our automated services, please call MGIC at 1-800-558-9000 and ask for the Automated Services Department.

## 2.02 Monthly Delinquency Loan Status Report (MDLSR)

**E**ach month, MGIC sends a Monthly Delinquency Loan Status Report (MDLSR) (example on page 6) on each loan previously reported in default. MGIC prints the last reported status on the MDLSR to assist you in determining if a status change has occurred. If the loan status is reported using Automated Delinquency Reporting (ADR), the MDLSR will not be received because the tape replaces the paper report.

The MDLSR does not need to be returned unless you are providing additional information on delinquent loans or updating any of the following items:

- Loan status
- Current principal balance
- Loan due-for date
- Delinquency status
- (If a bankruptcy petition was filed, include the chapter, filing date and the date relief was granted.)
- Date foreclosure proceedings commenced
- Foreclosure sale date
- Date borrower's title or good and merchantable title acquired

When there is an update to any of these items, simply note the current

information on the MDLSR and return it to MGIC by the 20th of the month. If there are no updates or additional information to be sent on a loan, the MDLSR does not need to be returned.

In addition, the MDLSR can be used when a loan in default has been brought current or been paid off. Simply check the appropriate box and return the form to MGIC. The MDLSR can also be used to notify MGIC of a servicing transfer or a loan number change.

## NOTICE OF DELINQUENCY First Lien

**MORTGAGE INSURANCE CO.**

MI Certificate Number		Servicer Loan Number		
Servicer Name				
Servicer Address	Street	City	State	Zip Code

INVESTOR (Check One):  FHLMC  FNMA  Other

Mortgagor Name	First	Middle	Last	Mortgagor Social Security Number
Co-Mortgagor Name	First	Middle	Last	Co-Mortgagor Social Security Number
Property Address	Street	City	State	Zip Code
Mailing Address If Different	Street	City	State	Zip Code
Home Telephone Number	( )			Work Telephone Number
	( )			( )

CURRENT PRINCIPAL BALANCE (exclude all delinquent interest, etc.): _____	<b>BANKRUPTCY</b>			
TOTAL DELINQUENT AMOUNT: _____	File Date: ____ / ____ / ____			
LOAN DUE FOR DATE: <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 30px;">MONTH</td><td style="width: 30px;">DAY</td><td style="width: 30px;">YEAR</td></tr></table>	MONTH	DAY	YEAR	Chapter: _____
MONTH	DAY	YEAR		
REASON FOR NON-PAYMENT (Check One): <input type="checkbox"/> Unemployment <input type="checkbox"/> Temporary Loss of Income <input type="checkbox"/> Moved/Vacated <input type="checkbox"/> Marital Problems <input type="checkbox"/> Bankruptcy <input type="checkbox"/> Dissatisfaction w/Property <input type="checkbox"/> Illness <input type="checkbox"/> Excessive Use of Credit <input type="checkbox"/> Energy/Environment Cost <input type="checkbox"/> Death <input type="checkbox"/> Casualty Loss <input type="checkbox"/> Servicer Problem <input type="checkbox"/> Business Failure    (Explain Below)	Is this a First Payment Default? <input type="checkbox"/> Yes <input type="checkbox"/> No  OCCUPANCY STATUS (Check One): <input type="checkbox"/> MORTGAGOR <input type="checkbox"/> TENANT <input type="checkbox"/> VACANT			
DATE OF LAST MORTGAGOR CONVERSATION: <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 30px;">MONTH</td><td style="width: 30px;">DAY</td><td style="width: 30px;">YEAR</td></tr></table>	MONTH	DAY	YEAR	
MONTH	DAY	YEAR		
SERVICER'S NEXT ACTION WILL BE (Check One): <input type="checkbox"/> Loan Modification/Workout <input type="checkbox"/> Foreclosure <input type="checkbox"/> Recommend Mortgagor List for Sale <input type="checkbox"/> Negotiate Payment Plan <input type="checkbox"/> Offer to Take Voluntary Conveyance (DIL) <input type="checkbox"/> Promise to Pay — Date: If available ____ / ____ / ____ <input type="checkbox"/> Pending Refinance				
DESCRIBE SERVICER'S COLLECTION EFFORTS: _____				
_____				
_____				
_____				
_____				

Servicer Contact	
Servicer Telephone	Date
( )	
Ext.	

ONLY return to MGIC Claims Department if the information has changed.



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**Monthly Delinquency Loan Status Report**

Mortgage Insurance Company MORTGAGE GUARANTY INSURANCE CORPORATION	MGIC Contact DENICE NELSON
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Servicer Name/Address (Including City, State and Zip Code)

Servicer Loan No: 1005508

Certificate No:  
MBS Loan No:  
Second Layer No:

Mortgagor Name
Property Address (Including City, State and Zip Code) 507 3RD AVENUE SE WELLS

LOAN STATUS AS OF 01/02/03 (MMDD/YY)

- Foreclosed/REO
- Loan Brought Current
- Paid Off by Mortgagor/Borrower
- Loan Servicing Transferred or Loan Sale

Servicer Name \_\_\_\_\_

Address, City, State \_\_\_\_\_

Remains Delinquent

Occupancy Status (Check One)
<input checked="" type="checkbox"/> Mortgagor/Borrower
<input type="checkbox"/> Tenant
<input type="checkbox"/> Vacant

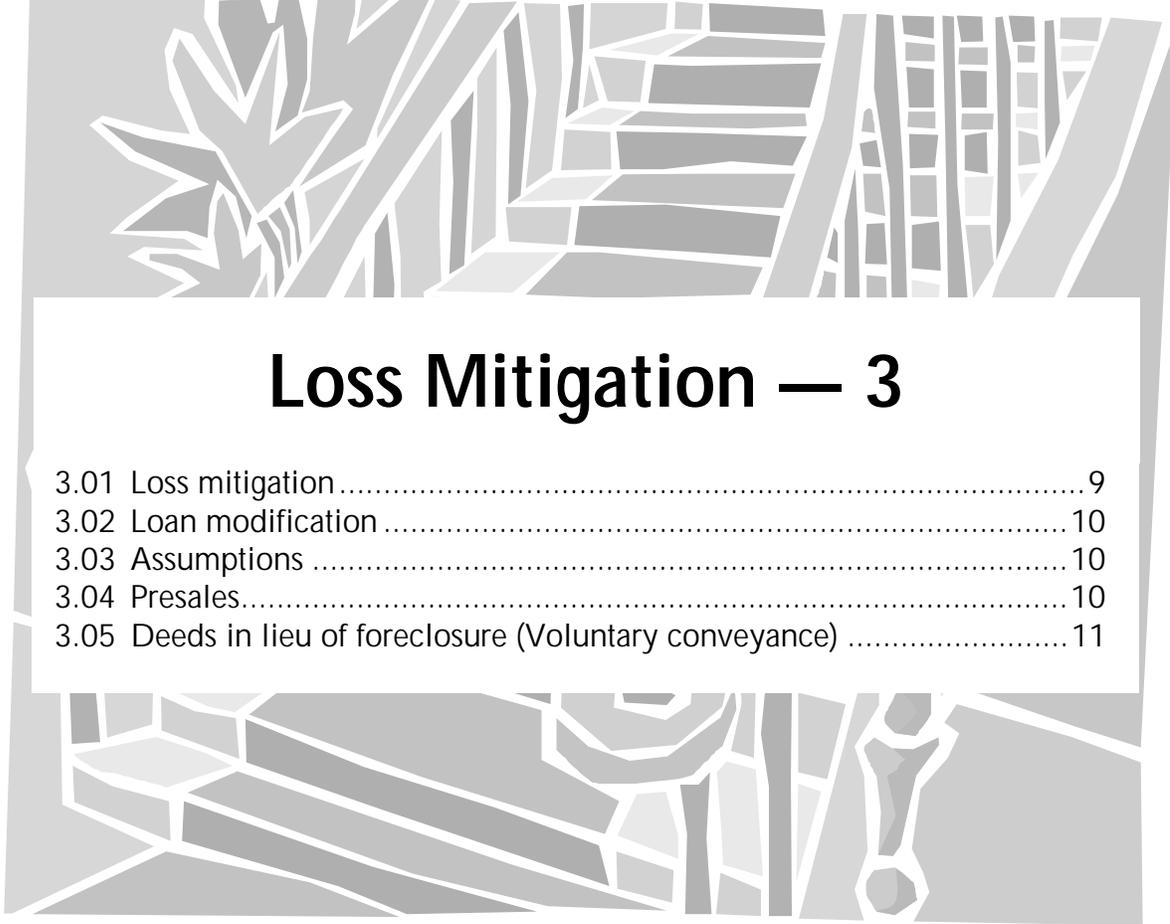
Current Principal Balance (exclude all delinquent interest, etc) \$ 23,476	Loan Due For Date (MMDD/YY) 07/01/02	Current Default Reason (Check One)			
Delinquent Status (Check One) <input type="checkbox"/> Loan Modification/Workout <input type="checkbox"/> Recommend Mortgagor List For Sale <input type="checkbox"/> Offer To Take Voluntary Conveyance (DIL) Approved / / <input type="checkbox"/> Negotiate Payment Plan <input type="checkbox"/> Promise To Pay - Date, if available / / <input type="checkbox"/> Pending Refinance <input type="checkbox"/> Bankruptcy - Chapter _____ File Date / / Relief Date / / <input type="checkbox"/> Active Foreclosure - Complete the following:		<input type="checkbox"/> Unemployment <input type="checkbox"/> Marital Problems <input type="checkbox"/> Illness <input type="checkbox"/> Death <input type="checkbox"/> Business Failure <input type="checkbox"/> Temporary Loss of Income <input type="checkbox"/> Bankruptcy <input checked="" type="checkbox"/> Excessive Use of Credit <input type="checkbox"/> Casualty Loss <input type="checkbox"/> Moved/Vacated <input type="checkbox"/> Dissatisfaction with Property <input type="checkbox"/> Energy/Environment Cost <input type="checkbox"/> Servicer Problem <input type="checkbox"/> Other <input type="checkbox"/> Explain Below			
Date To Attorney For Foreclosure / /	Date Foreclosure Proceedings Filed / /	Sale Scheduled Date / /	Date Title Acquired / /	Redemption Expiration Date (if applicable) / /	Claim File Date / /

COMMENTS:

Servicer Contact Name	Telephone Number	Date Completed By Servicer
-----------------------	------------------	----------------------------

Form #71-8406 (9/01)

MGIC Claims Department, P.O. Box 525, Milwaukee, WI 53201-0525  
 Claims WATS (800) 272-4071, FAX 414-347 6311



## Loss Mitigation — 3

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### 3.01 Loss mitigation

**L**oan workouts can preserve homeownership for borrowers as well as prevent losses. Steps should be taken to actively cooperate with and assist MGIC in preventing and mitigating loss. This includes but is not limited to offering repayment or forbearance plans, loan modifications or other loan workout plans described in this section to all borrowers who have the ability and willingness to reinstate their default.

It is important to work closely with borrowers as soon as they experience problems in making their mortgage payments. It may even be appropriate to extend assistance to borrowers who are current on their mortgage loan if they are experiencing a problem.

Many loan workouts require obtaining current information from the delinquent borrower. The type of information obtained depends primarily on the loan workout option to be explored. Listed below are examples of information that should be obtained to determine the most appropriate loan workout plan. This information may include but is not limited to:

- Letter of hardship outlining the reason for default
- Financial statement disclosing all income, assets and expenses (for an example, see MGIC's Financial Worksheet beginning on page 12 of this section).

- Two most recent years' federal tax returns with corresponding W-2s and 1099s
- Current pay stubs
- Current bank statements
- Current credit report (if available)
- Broker's Price Opinion (BPO — If you wish, MGIC can obtain this for you for a nominal fee.)
- Listing Agreement, Sales Contract and good faith estimate of closing costs (if applicable)
- Payoff statement/reinstatement figures

**Note:** The borrower's ability or inability to keep the loan performing should be the primary consideration for all workouts.

#### 3.01a Repayment plans

- A repayment plan must be approved by MGIC if it would delay commencement of foreclosure beyond the end of the sixth month of default.
- 30- to 60-day repayment plans can be arranged with the borrower after you determine the borrower's ability and willingness to adhere to the plan.
- 90-day or greater repayment plans require that the borrower execute a repayment agreement. The agreement must state the amount due, date of last payment, and the

date the delinquency will be cured. The borrowers should provide current financial information and a letter of hardship stating the reason for default.

### 3.01b Forbearance plans

- A forbearance plan must be approved by MGIC if it would delay commencement of foreclosure beyond the end of the sixth month of default.
- The forbearance plan must be in writing and signed by the borrower and insured lender.
- The plan must state the period of reduced or suspended payments, the schedule for making additional monthly payments and the date the forbearance will end.
- The plan must allow for automatic commencement of foreclosure if further default occurs.
- The borrower should provide current financial information, a letter of hardship and confirmation of stated reason for forbearance.
- Verification of the means by which the borrower will be able to reinstate the loan at a future date must be furnished.

### 3.02 Loan modification

**I**n some cases, loan modifications can be an effective loss mitigation tool to keep loans current or resolve

a delinquency. Before considering any loan modification, you must contact MGIC, who will work with the appropriate FHLB on a case-by-case basis.

### 3.03 Assumptions

**A**ssumptions require MGIC underwriting approval. Note that delinquent loans must be brought current prior to the assumption closing.

### 3.04 Presales

#### Borrower-titled presales

- All presales (short sales, short payoff, discounted payoff, etc.) **must** be in writing and approved in advance by MGIC.
- MGIC is willing to prequalify a borrower for presale assistance prior to an offer being made on the property. Simply submit the borrower's financial information to your Regional Claims Administrator.
- The borrower must provide a letter of hardship, complete financial package, and a copy of the sales contract with an estimate of seller's closing costs.
- Along with the information provided by the borrower, MGIC also requires you to forward to our Claims Department the current payoff amount, status of collection/foreclosure activity and, if available, a current broker's price opinion.

- On a case-by-case basis, MGIC may require a contribution from the borrower in the form of cash or a secured promissory note.
- You should not stop normal and customary collection efforts/ foreclosure process unless instructed by MGIC.
- The borrower must be able to convey good and merchantable title to the property.

### **Lender-titled presales**

All offers to purchase the property must be submitted to MGIC.

- If you have not been notified that MGIC will acquire the property, any offers to purchase the property which are acceptable to you must be submitted to MGIC.

### **3.05 Deeds in lieu of foreclosure (Voluntary conveyance)**

- All deeds in lieu of foreclosure must be prior approved in writing by MGIC.
- The borrower must provide a letter of hardship, complete financial package, a copy of the listing agreement, and all marketing efforts made to date to sell the property.
- Along with information provided by the borrower, MGIC also requires you to forward to our Claims Department the current payoff amount, status of collection/

foreclosure activity and, if available, a current broker's price opinion.

- On a case-by-case basis, MGIC may require a contribution from the borrower in the form of cash or a secured promissory note.
- You should not stop normal and customary collection efforts/ foreclosure process unless instructed by MGIC.
- The borrower must be able to convey good and merchantable title to the property.

# Financial Worksheet

## BORROWER NAME(S)

Name	Social Security Number
Name	
Home Telephone Number ( )	Work Telephone Number ( )

## PROPERTY ADDRESS

Street Address	City	State	Zip Code
----------------	------	-------	----------

## MAILING ADDRESS (if different than property) Rent Own How Long? \_\_\_\_\_

Street Address	City	State	Zip Code
----------------	------	-------	----------

## I. MONTHLY INCOME DATA

DESCRIPTION	INCOME		TOTAL
	BORROWER	CO-BORROWER	
NET SALARY/WAGES	\$	\$	\$
NET OVERTIME PAY	\$	\$	\$
COMMISSIONS/BONUSES	\$	\$	\$
OTHER	\$	\$	\$
TOTAL NET INCOME	\$	\$	\$

## II. EXPENSES

CATEGORY	DESCRIPTION	MONTHLY PAYMENT	BALANCE DUE	DELINQUENT Y - Yes N - No NUMBER OF MONTHS
Monthly Payments	Mortgage or Land Contract			
	Other Mortgage(s) or Rent			
	Alimony/Child Support			
	Child Care			
Loans	Automobile			
	Automobile			
	Furniture/Appliances			
	Finance Company			
	Finance Company			
	Installment			
Credit Cards	VISA			
	MASTERCARD			
Utilities	Electricity			
	Heating			
	Telephone			
	Water/Sewage			
Insurance	Automobile			
	Health			
	Life			
	Dental			
Donations	Church			
	Charity			
Dues	Club			
	Union			
	Professional Organization			
Medical (Not Covered By Insurance)	Doctor/Dentist			
	Drugs			
	Hospital			
Car	Gasoline			
	Maintenance			
	Monthly Parking			
Food	Family			
	School or Work Lunches Purchased			
Subtotal				

II. EXPENSES (continued)

CATEGORY	DESCRIPTION	MONTHLY PAYMENT	BALANCE DUE	DELINQUENT Y - Yes N - No NUMBER OF MONTHS
Clothing	New Clothes/Shoes			
	Dry Cleaning			
	Uniforms or Required Items			
Misc.	Spending Money			
	Cable TV			
	Clubs, Sports & Hobbies			
	Entertainment*			
	Vacations			
	Gifts			
Credit Cards	Savings Bonds			
	Credit Union			
	Bank			
*Includes dinners out, movies, plays and parties		Subtotal		
		Subtotal from front page		
		TOTAL		

III. RECAP

ITEM	CURRENT
TOTAL INCOME	\$
TOTAL EXPENSES	\$
DIFFERENCE	\$

Section III: Recap

Enter your total income from the TOTAL area of Section I, Income Data, in the TOTAL INCOME area.

Enter your total expenses from the TOTAL area of Section II, Expenses, in the TOTAL EXPENSES area.

Subtract TOTAL EXPENSES from TOTAL INCOME and enter in the area titled DIFFERENCE. This indicates the difference between your current income and your current expenses.

IV. ASSETS/LIABILITIES

DESCRIPTION	EST. VALUE	AMOUNT OWED	NET VALUE
Home	\$	\$	\$
Other Real Estate	\$	\$	\$
Automobile	\$	\$	\$
Automobile	\$	\$	\$
Checking Accounts	\$	\$	\$
Savings/Money Mkt Acct	\$	\$	\$
Boats	\$	\$	\$
Cash Value of Life Ins.	\$	\$	\$
Collations	\$	\$	\$
Computers	\$	\$	\$
IRA/Keogh Accts	\$	\$	\$
401(k)/ESOP Accts	\$	\$	\$
Stocks/Bonds/CDs, etc.	\$	\$	\$
Retirement Funds	\$	\$	\$
Other Investments	\$	\$	\$
IRS Liens	\$ N/A	\$	\$ N/A
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
TOTAL	\$	\$	\$

I agree that the financial information provided is an accurate statement of my financial status. I understand and acknowledge that any action taken by the lender of my mortgage loan on my behalf will be made in strict reliance on the financial information provided.

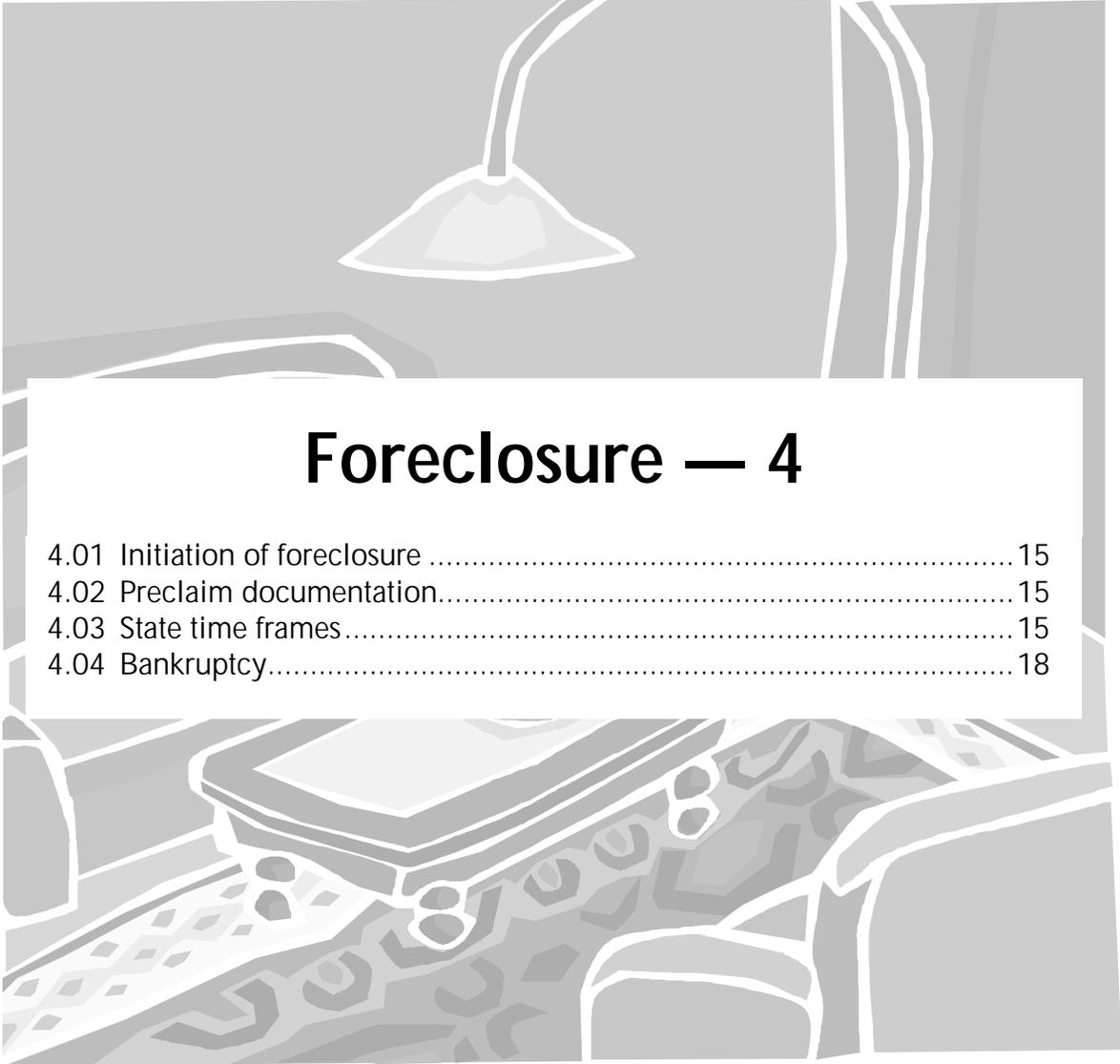
Submitted this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

By \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Signature of Borrower

By \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Signature of Borrower

FINAL INSTRUCTIONS

- Make sure you have signed and dated the form.
- Be sure you have your last two years' federal tax returns with all attachments.
- Be sure you have copies of recent checkstubs for all wages and salaries reported.
- Make copies of everything and keep them for your records.
- Review the Financial Worksheet to make sure it is correct.



## Foreclosure — 4

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#### **4.01 Initiation of foreclosure**

**I**f all attempts to work with a delinquent borrower have been exhausted, foreclosure action must be commenced against the borrower.

Foreclosure must be initiated by the end of the fourth month of default.

If you believe additional time will allow you to resolve the default, you may request more time from MGIC.

#### **4.02 Preclaim documentation**

**M**GIC does not require you to submit court or other preclaim documents unless specifically requested.

In most cases, information from the MDLSR is all that is needed for MGIC to process your claim.

#### **4.03 State time frames**

**S**ince individual state requirements and borrower circumstances vary, the time needed to complete foreclosure can also vary. To help simplify the claim process, MGIC has created state time frames (beginning on page 16) to help determine an appropriate time interval between the due date of the first unpaid installment and claim filing. When a claim is submitted, MGIC will compare the number of days taken to file the claim with the appropriate state time frame. As long as the claim is filed within the state time frame and the NOD is timely, no adjustments will be made.

We recognize that each loan and each foreclosure is unique. As a result, if the number of days to file the claim exceeds the state time frame, MGIC will review the case facts and the reasons for delay before any claim adjustment is considered.

Since many foreclosures are delayed by bankruptcy actions, MGIC will automatically extend the state time frame by an additional six months if the borrower's bankruptcy filing prevented timely initiation or completion of foreclosure.

<b>Estimated State Time Frames</b>		
<b>State</b>	<b>Method of Foreclosure</b>	<b>Number of Days from the Due Date of the First Unpaid Installment to Claim Filing<sup>(1)</sup></b>
MGIC will continue to monitor and evaluate these state time frames to ensure that an appropriate amount of time is available to process a foreclosure and submit a claim.		
Alabama	Power of Sale	300 Days
Alaska	Trustee Sale	360 Days
	Judicial w/Redemption	750 Days
Arizona	Trustee Sale	330 Days
	Judicial	510 Days
Arkansas	Power Sale	360 Days
California	Trustee Sale	360 Days
	Judicial w/Redemption	960 Days
Colorado	Trustee Sale w/Redemption	405 Days
Connecticut	Strict Foreclosure	420 Days
	Power of Sale	480 Days
Delaware	Judicial	450 Days
District of Columbia	Trustee Sale	300 Days
Florida	Judicial	450 Days
Georgia	Power of Sale	300 Days
Hawaii	Judicial	450 Days
Idaho	Trustee Sale	420 Days
	Judicial w/Redemption	600 Days
Illinois	Judicial w/Redemption-Deficiency	540 Days
	Judicial w/Redemption	510 Days
	Judicial w/Redemption-Abandonment	450 Days
Indiana	Judicial w/Redemption	480 Days
Iowa	Non-Judicial	360 Days
	Judicial w/o Deficiency	540 Days
	Judicial w/o Deficiency (Non-Owner-Occupied)	420 Days
	Judicial w/Deficiency	720 Days
Kansas	Judicial w/Redemption	510 Days
Kentucky	Judicial	420 Days
Louisiana	Judicial	420 Days
Maine	Judicial w/Redemption	570 Days
Maryland	Trustee Sale w/Redemption	345 Days
Massachusetts	Trustee Sale	450 Days
Michigan	Power of Sale w/Redemption	510 Days
	Power of Sale-Abandonment	360 Days
Minnesota	Power of Sale w/Redemption	510 Days
	Judicial w/Deficiency	720 Days
Mississippi	Trustee Sale	300 Days
Missouri	Trustee Sale	300 Days
Montana	Power of Sale	360 Days
	Judicial w/Redemption	720 Days

<b>Estimated State Time Frames</b>		
<b>State</b>	<b>Method of Foreclosure</b>	<b>Number of Days from the Due Date of the First Unpaid Installment to Claim Filing<sup>(1)</sup></b>
Nebraska	Trustee Sale	330 Days
	Judicial	450 Days
Nevada	Trustee Sale	360 Days
	Judicial w/Redemption	720 Days
New Hampshire	Power of Sale	300 Days
New Jersey	Judicial w/o Deficiency	540 Days
	Judicial w/Deficiency	720 Days
New Mexico	Judicial w/Redemption	420 Days
New York	Judicial	540 Days
North Carolina	Trustee Sale	300 Days
North Dakota	Judicial w/Redemption	420 Days
Ohio	Judicial w/Confirmation	510 Days
Oklahoma	Judicial	420 Days
Oregon	Trustee Sale	390 Days
Pennsylvania	Judicial	450 Days
Rhode Island	Power of Sale	300 Days
South Carolina	Judicial w/o Deficiency	390 Days
	Judicial w/Deficiency	420 Days
South Dakota	Judicial w/Redemption	540 Days
Tennessee	Trustee Sale	300 Days
Texas	Power of Sale	280 Days
Utah	Trustee Sale	390 Days
	Judicial w/Redemption	570 Days
Vermont	Judicial w/Redemption	480 Days
Virginia	Trustee Sale	300 Days
Washington	Trustee Sale	390 Days
	Judicial w/Deficiency	750 Days
West Virginia	Trustee Sale	300 Days
Wisconsin	Judicial w/o Deficiency	510 Days
	Judicial w/Deficiency	690 Days
Wyoming	Power of Sale w/Redemption	465 Days

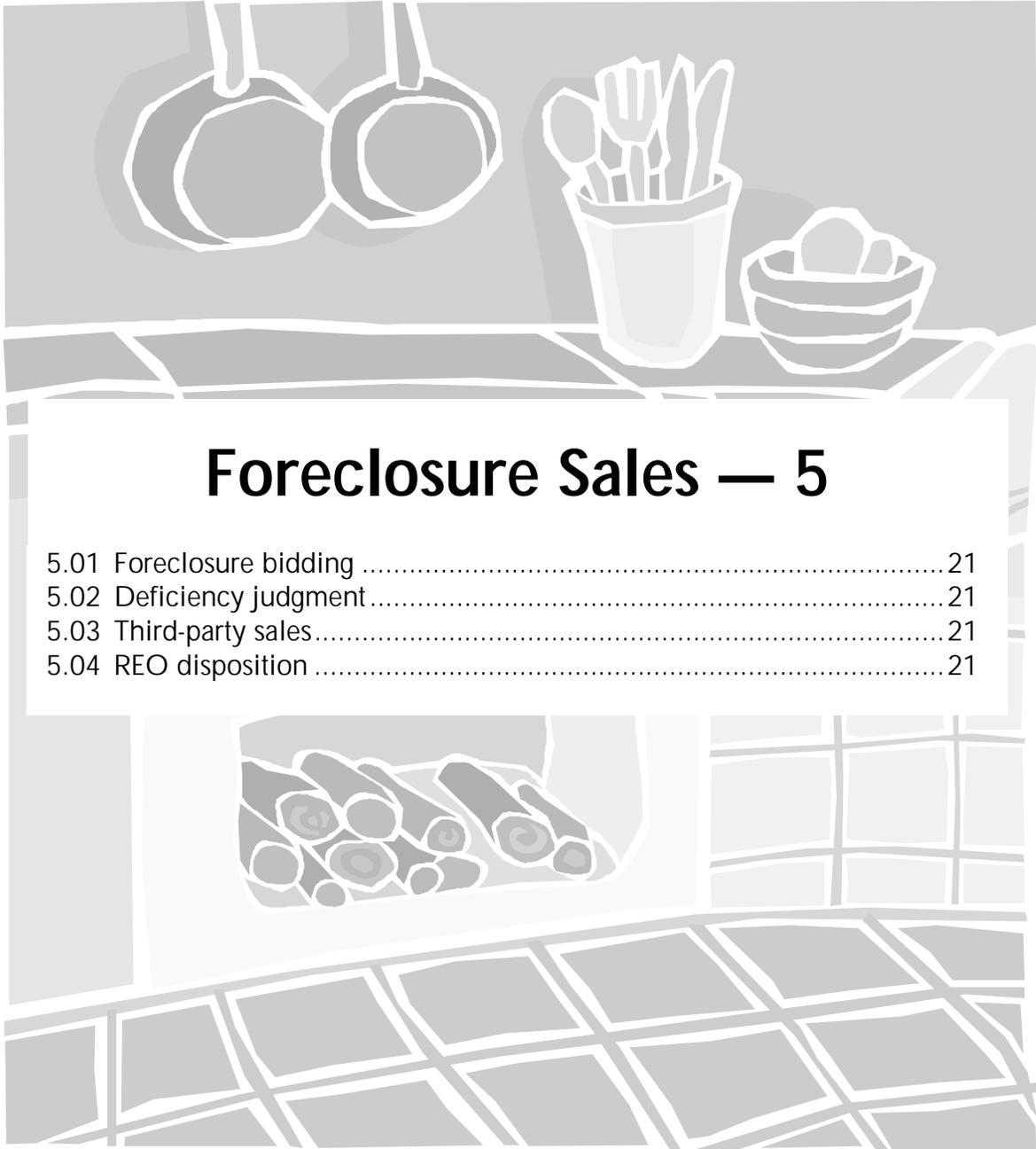
<sup>(1)</sup> Add an additional six months if a borrower's bankruptcy filing prevented timely initiation or completion of foreclosure.

#### 4.04 Bankruptcy

To safeguard your mortgage security, you should consult with legal counsel upon notification of a borrower filing of a bankruptcy petition. Different rules and procedures may apply to each bankruptcy proceeding. It is advisable to have an attorney familiar with bankruptcy law advise you on the best and most cost-effective course of action for each bankruptcy case.

Prompt and diligent follow-up on bankruptcy cases can lead to substantial net savings to you.

***It is not necessary to send MGIC a copy of the bankruptcy petition or other documentation. Simply notify MGIC via the MDLSR that the borrower is involved in a bankruptcy proceeding by indicating the bankruptcy chapter and filing date as well as the date relief was granted. With this information, MGIC will be able to review any multiple bankruptcies which exceed the extended state time frame at claim time. Any significant changes in status regarding the bankruptcy should be noted on the MDLSR.***



## Foreclosure Sales — 5

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### 5.01 Foreclosure bidding

**Y**ou may bid any amount at the foreclosure sale you determine sufficient to obtain borrower's title to the property unless otherwise directed by MGIC. Refer to MGIC's Bidding Instructions on pages 23 and 24 for more information.

necessary to put the property into marketable condition. Once we receive all of the required information, MGIC will provide repair authorizations, if applicable, and a list price for the property. Any offers received for purchase of the property should be submitted to MGIC for review and response.

### 5.02 Deficiency judgment

**M**GIC may direct you to preserve our right to a deficiency judgment. MGIC's Bidding Instructions provide information about preserving deficiency rights.

*It is imperative that homeowners insurance remain in effect to ensure protection in the event of property damage.*

### 5.03 Third-party sales

**M**GIC will recommend a bid to encourage a third-party sale when requested.

### 5.04 REO disposition

**O**nce a property has been foreclosed, you will be responsible for its marketing under the direction of MGIC's REO Department. Please contact the REO Department at 800-558-9900 promptly after the foreclosure sale, but under no circumstances should the contact be made more than 10 days after the sale.

Typically, MGIC requests that you obtain two values (broker's price opinions) for each property to be submitted along with your recommendations for marketing strategy. In addition, we may request you to obtain bids for any repairs

## **MGIC Bidding Instructions WITH A Current Value**

While MGIC no longer requires that you obtain a current value, we also recognize the advantage of obtaining one. Therefore, these instructions are intended to simplify the bidding process in cases where a current market value has been obtained.

MGIC authorizes you to implement these instructions on all MGIC-insured loans.

**States with a Redemption Period: AL, CO, KS, MI, MN, ND, WY, SD**

On loans where there is a redemption period and the borrower or junior lien holder may redeem the property for the amount of the foreclosure bid, you should bid 100% of the total mortgage indebtedness.

**States without a Redemption Period where a Minimum Bid is permitted: FL, KY, LA, NJ, OH, OK**

In non-redemptive states where Jurisdiction levies transfer taxes and/or other bid related fees or costs on the winning bidder at foreclosure sale, and which permits minimum bids, start bidding at \$100.00 (FL, NJ) or at the customary bid pursuant to that state (KY, LA, OH, OK.). Continue bidding until the earlier of winning the bid or reaching 100% of the total mortgage indebtedness.

**In All Other States, Please Follow the Guideline Listed Below.**

MGIC does not object to the use of an "as is" fair market value providing there is a 10% or less variance between the "as is" and "repaired" fair market value. If there is a 10% or greater variance, bid either the repaired fair market value or total debt.

***Note:*** At any time, should the bid result in a loss beyond the "make whole" amount, MGIC will only pay up to our % guaranty option. You should refer to your Investor Guidelines on any bid that will result in a loss to the Investor.

**No Deficiency:**

- If the fair market value exceeds total debt, bid lesser of total debt or 80% of the fair market value.
- If the fair market value is less than the "make-whole amount", you may bid according to the Investor guidelines.
- If the fair market value is between the total debt & the make-whole amount, bid 80% of the fair market value subject to the above *Note*.

**Deficiency:**

- The minimum amount to be bid is the repaired fair market value of the property.
- The maximum amount shall not exceed the greater of the fair market value or the uninsured balance. If competitive bidding, bid up to the repaired fair market value, not to exceed total debt. Please follow the *State Deficiency Time-Lines* as noted below if applicable.

**State Deficiency Time-Lines: CT, GA, HI, ID, NE, NJ, OK, UT, SC, NV**

Please be aware that the listed states require the filing of an action or motion after the foreclosure sale, which is necessary to preserve a deficiency. You should always consult your foreclosing attorney for any information regarding the specific regulation. Please advise your attorney to proceed accordingly in order to preserve MGIC's deficiency rights.

## **MGIC Bidding Instructions WITHOUT A Current Value**

These instructions are intended to simplify the bidding process in cases where a current market value has not been obtained. This process eliminates the need to contact MGIC for bidding instructions while still preserving MGIC's deficiency rights.

MGIC authorizes you to implement these instructions on all MGIC-insured loans. However, should the Investor require a current value, you may follow the bidding instructions designed for that situation.

**States with a Redemption Period: AL, CO, KS, MI, MN, ND, WY, SD**

On loans where there is a redemption period and the borrower or junior lien holder may redeem the property for the amount of the foreclosure bid, you should bid 100% of the total mortgage indebtedness.

**States without a Redemption Period where a Minimum Bid is permitted: FL, KY, LA, NJ, OH, OK**

In non-redemptive states where Jurisdiction levies transfer taxes and/or other bid related fees or costs on the winning bidder at foreclosure sale, and which permits minimum bids, start bidding at \$100.00 (FL, NJ) or at the customary bid pursuant to that state (KY, LA, OH, OK.). Continue bidding until the earlier of winning the bid or reaching 100% of the total mortgage indebtedness.

**In All Other States, Please Follow the Guideline Listed Below.:**

Initially bid 80% of the total debt. In the event of a third party, bid up to the total mortgage indebtedness to take title to the property. If your final bid is 80% of the total debt, please follow the *State Deficiency Time-Lines*, if applicable, in order to preserve MGIC's deficiency rights.

**State Deficiency Time-Lines: CT, GA, HI, ID, NE, NJ, NV, OK, SC, UT**

Please be aware that the listed states require the filing of an action or motion after the foreclosure sale, which is necessary to preserve a deficiency. You should always consult your foreclosing attorney for any information regarding the specific regulation. Please advise your attorney to proceed accordingly in order to preserve MGIC's deficiency rights.



### FHLB MPP Program REO Notification

This form must be filed upon your institution taking title to the property. Please complete the information below and fax it to 414-347-4824, Attention REO Services. If you have any questions, please call MGIC's REO department at 800-558-9900, extension 4996.

PFI Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_

MGIC Certificate Number: \_\_\_\_\_

PFI Loan Number: \_\_\_\_\_

Borrower Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

\_\_\_\_\_

Property Occupied: Yes / No

Title Taken Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

UPB: \$ \_\_\_\_\_

Loan Due for Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Listing Broker: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_

**TRANSMITTED VIA E-MAIL**

Date

Attention:  
PFI Name:

RE: PFI Loan #:  
MGIC Certificate #:  
Borrower Name:  
Property Address:

MGIC provides Supplemental Mortgage Insurance (SMI) to the Federal Home Loan Bank of (FHLB Name) for the above-referenced loan. In accordance with the SMI Policy, MGIC will work with and direct (PFI's Name) as it relates to the marketing and sale of the property. The purpose of this letter is to inform you of the steps we will take with you to help ensure compliance with the SMI Policy:

When you have obtained access to the property, please initiate the following steps:

- A. Activate all utilities and send me mechanical, electrical, and plumbing (MEP) inspections. Also, if applicable, please include repair bids for inoperable systems and a termite inspection.
- B. Please obtain and send me a Broker Opinion of Value (BOV), completed with "as is" and "repaired" values, a set of interior and exterior photos, and itemized repair estimates.

MGIC will obtain an independent opinion of value from our approved broker list. After MGIC completes our review, we will forward marketing instructions via regular mail.

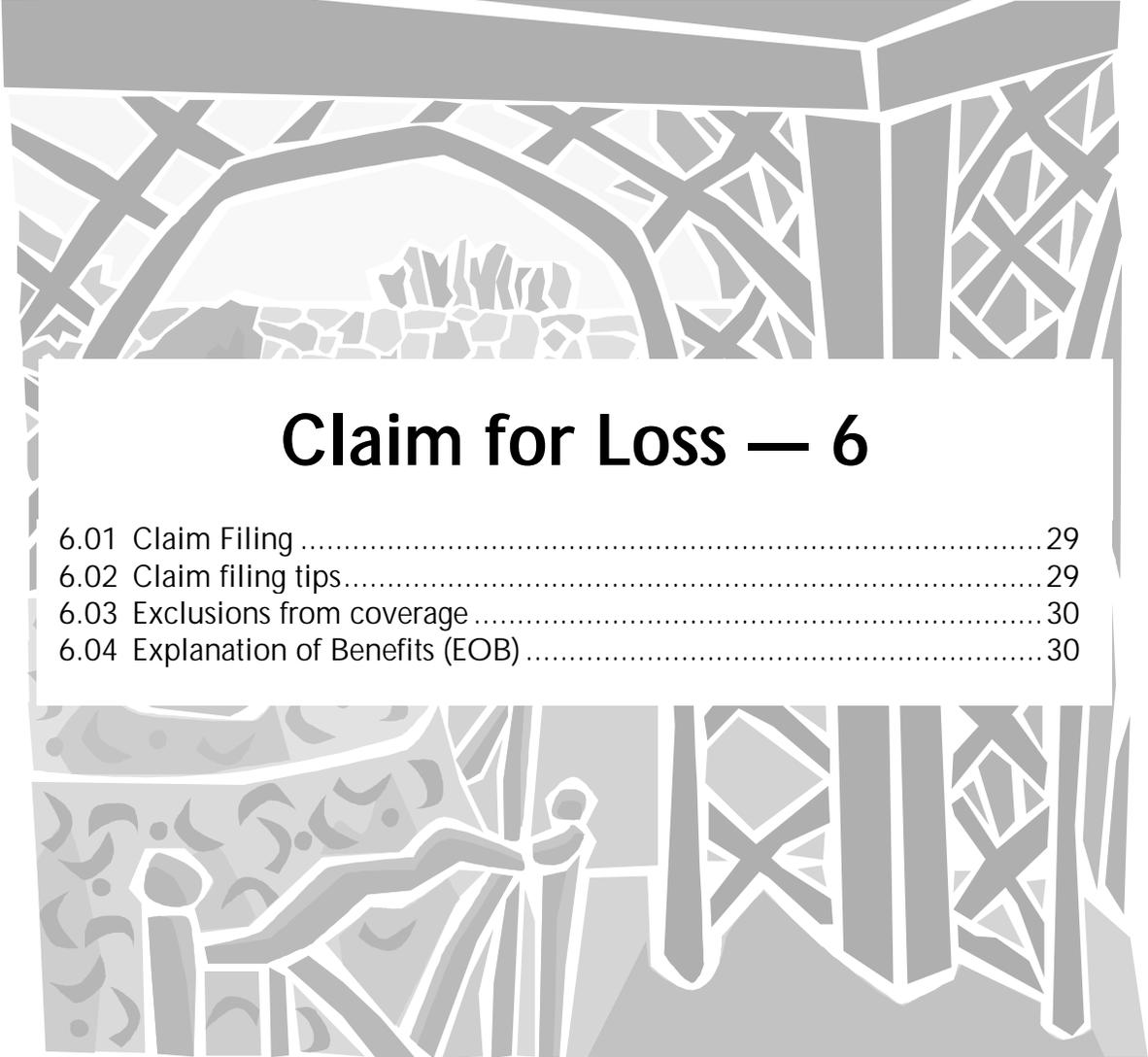
In order to market the property in a timely manner, please provide the above information within 15 days of the date you obtain access to the property. Please do not list the property for sale until MGIC has the opportunity to review with you and approve the listing price.

Thank you for your assistance and cooperation. We look forward to working with you and your broker. Please call me at 800-558-9900, extension \_\_\_\_\_ if you have any questions.

Sincerely,

REO/MBS Marketing Administrator

MGIC Plaza, P.O. Box 488, Milwaukee, Wisconsin 53201-0488, WATS (800) 558-9900  
270 E. Kilbourn Avenue, Milwaukee, Wisconsin 53202



## Claim for Loss — 6

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## 6.01 Claim Filing

**I**f primary mortgage insurance coverage is required on a loan under the SMI policy, the primary mortgage insurance claim must be settled as one of the conditions to an SMI claim. If primary mortgage insurance coverage is with MGIC, simply complete and submit the Uniform Mortgage Insurance Claim for Loss form (sample on page 31 of this section) along with the HUD-1 from the closing of the MGIC-approved sale and documentation of expenses associated with the sale and marketing of the property.

If primary mortgage insurance coverage is with another mortgage insurer, MGIC must receive the following in order to process your SMI claim:

- Completed MGIC Uniform Mortgage Insurance Claim for Loss form
- Copy of the primary mortgage insurance claim and primary claim check
- HUD-1 from the closing of the MGIC-approved sale
- Documentation of expenses associated with the sale and marketing of the property.

## 6.02 Claim filing tips

**T**o assist you in filing your claim for loss, listed below are helpful hints for completing key line

items on the Uniform Mortgage Insurance Claim for Loss form.

**Line 26:** Use the interest paid-to date (not due-for date) to the claim submission date or date of the approved MGIC presale closing. Use a 30-day month, 360-day year to calculate interest.

**NOTE:** Late charges and penalties should not be included.

**Line 28:** Costs associated with the foreclosure should not be included with attorney fees. These costs should be included on line 32.

**Lines 29-30:** Assuming you have escrowed for property taxes and hazard insurance, prorate them to the claim filing date or date of the approved MGIC presale closing. If there was no escrow for taxes and hazard insurance, only those incurred from the date of default to the claim filing date or date of the approved MGIC presale closing date should be claimed.

**NOTE:** Mortgage insurance premiums are not claimable.

**Line 33:** Some states have laws giving unpaid condo assessments priority to a prior recorded first mortgage. Check with your attorney to determine what condo assessments are not extinguished by foreclosure in the specific property state. Only claim those that are not extinguishable by foreclosure.

**Line 35:** Use escrow balance as of the date of the last paid installment.

**Line 39:** Include proceeds from the approved MGIC presale or third-party sale.

**Line 44:** Indicate the most recent “as is” and “repaired” value of the property along with the date it was completed. The cost of that value can then be added to the claim.

**Line 45: Authorized signature is required.**

**Line 49:** If Adjustable-Rate Mortgage (ARM), remember to indicate rate change dates and rates.

**Lines 50–55:** Please itemize expenses, including the descriptions and dates the expenses were incurred. If applicable, include the “paid through” dates of the expenses. If you need additional lines for more detail, attach a separate sheet with the details.

statement along with the settlement check. Our EOB statement includes a detailed, easy-to-understand explanation of the interest and expense calculations as well as a claim summary (see example on page 33).

If you have any questions, call MGIC Claims at 1-800-272-4071.

### **6.03 Exclusions from coverage**

**P**lease refer to your MGIC SMI Policy for information regarding situations that may affect claim payments, such as physical damage, preexisting environmental conditions, balloon payments, or failure to settle and receive a full primary mortgage insurance claim payment.

### **6.04 Explanation of Benefits (EOB)**

**T**o help you understand how MGIC arrives at a claim settlement amount, we provide an Explanation of Benefits (EOB)

**Uniform Mortgage Insurance Claim for Loss**

1. Insurance Type <input type="checkbox"/> Primary <input type="checkbox"/> Pool		2. Claim Type <input type="checkbox"/> Initial <input type="checkbox"/> Supplemental <input type="checkbox"/> Other _____	
3. Mortgage Insurance Company Name <b>Mortgage Guaranty Insurance Corporation</b>		4. Date This Claim Submitted	
5. Mortgage Insurance Company Address <b>P.O. Box 525, Milwaukee, WI 53201-0525</b>		6. Mortgage Insurer Telephone Number <b>800-272-4071</b>	
7. Insured's Name		8. Insured's Loan Number	
9. Address		10. Certificate Number	
11. City	State	Zip Code	
13. Borrower Name(s)		14. % Coverage	15. Type Coverage
16. Property Address (Including City, State and Zip Code)			
17. Servicer Name (if Different than Insured's Name)		18. Servicer Loan Number	
19. Servicer Address (Including City, State and Zip Code)    (If Different than Insured)			
20. Payee Name (if Different than Insured's Name)		21. Payee Loan Number	
22. Payee Address (Including City, State and Zip Code)    (If Different than Insured)			
23. Investor Name (If Different than Payee's Name)		24. Investor Loan Number	

**Claimable Items:**

25. Unpaid Principal Balance (Interest paid through \_\_\_\_/\_\_\_\_/\_\_\_\_ )    \$ \_\_\_\_\_

26. Accumulated Interest: \_\_\_\_\_  
 (From \_\_\_\_/\_\_\_\_/\_\_\_\_ to \_\_\_\_/\_\_\_\_/\_\_\_\_ = \_\_\_\_\_ Days @ \_\_\_\_\_ %)    \$ \_\_\_\_\_

**27. Sub-Total Principal and Interest (Line 25 Plus Line 26)**    \$ \_\_\_\_\_

**Expense Information:**

28. Attorney's Fees    \$ \_\_\_\_\_

29. Property Taxes (Paid through \_\_\_\_/\_\_\_\_/\_\_\_\_)    \_\_\_\_\_

30. Hazard Insurance Premiums (Paid through \_\_\_\_/\_\_\_\_/\_\_\_\_)    \_\_\_\_\_

31. Property Preservation Costs    \_\_\_\_\_

32. Statutory Disbursements    \_\_\_\_\_

33. Other Disbursements (Condo Fees/Misc. Expenses)    \_\_\_\_\_

**34. Sub-Total Claimable Items (Total Lines 27 Through 33)**    \$ \_\_\_\_\_

**Deductible Items:**

35. Escrow Account Balance    \$ \_\_\_\_\_

36. Net Rental Proceeds    \_\_\_\_\_

37. Pledged Savings, Buydowns, or Other Funds Held for Insured    \_\_\_\_\_

38. Insurance Proceeds (Hazard Refunds/Primary Claim Payments)    \_\_\_\_\_

39. Other Deductions (Attach Explanation/Net Sales Proceeds)    \_\_\_\_\_

**40. Sub-Total Deductible Items (Total Lines 35 Through 39)**    \$ \_\_\_\_\_

**41. Total Claim Amount (Line 34 Minus Line 40)**    \$ \_\_\_\_\_

**42. Less Adjustments, if any (Attach Explanation)**    \$ \_\_\_\_\_  
 (Policy Endorsed Advances/Advance Claim Payments)

**43. Adjusted Claim Amount (Line 41 Minus Line 42)**    \$ \_\_\_\_\_

44. Comments

**Claim Authorization:**

*I hereby certify that the statements contained herein are true, correct and complete. I understand that a claim will not be complete until all applicable documents have been received by the Insurer. We are not aware of any facts indicating that the subject property is or might be subject to any environmental contamination or hazard, except as disclosed in accompanying attachments.*

45. \_\_\_\_\_  
Authorized Signature

46. \_\_\_\_\_  
Contact Name (Type or Print)

47. \_\_\_\_\_  
Title/Department

48. ( \_\_\_\_\_ )  
Phone

**49. ARM Interest Rate Information:** Unpaid Principal Balance (from line 25) \$ \_\_\_\_\_

Rate	From	To	Number of Days	Amount
1. _____%	____/____/____	____/____/____	_____	_____
2. _____%	____/____/____	____/____/____	_____	_____
3. _____%	____/____/____	____/____/____	_____	_____
4. _____%	____/____/____	____/____/____	_____	_____
Total (enter on Line 26)				\$ _____

**Expense Information:**

Type	Date Paid	Description	Amount
50. Attorney's Fees	_____	_____	\$ _____
	_____	_____	_____
	_____	_____	_____
Total (Enter on Line 28)			\$ _____
51. Property Taxes	_____	_____	\$ _____
	_____	_____	_____
Total (Enter on Line 29)			\$ _____
52. Hazard Insurance Premiums	_____	_____	\$ _____
	_____	_____	_____
Total (Enter on Line 30)			\$ _____
53. Property Preservation Costs	_____	_____	\$ _____
	_____	_____	_____
	_____	_____	_____
Total (Enter on Line 31)			\$ _____
54. Statutory Disbursements	_____	_____	\$ _____
	_____	_____	_____
	_____	_____	_____
Total (Enter on Line 32)			\$ _____
55. Other Disbursements	_____	_____	\$ _____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total (Enter on Line 33)			\$ _____

- 56. Required Enclosures:**
- Evidence of Good and Marketable (or Marketable) Title
  - Loan Payment History
  - Expense Documentation
  - Copy of Original Note
  - Copy of Original HUD-1 Statement
  - Copy of Documents Commencing Foreclosure
- MGIC FLEXCLAIM SIMPLIFIED REQUIRES NO DOCUMENTS**
- Additional Enclosures (If Applicable):**
- Rent or Receiver Account History
  - Bankruptcy Documents
  - Buydown Agreement
  - Assumption Agreement
  - Closing Statement from Most Recent Sale
  - Documents Pertaining to Preservation and/or Establishment of Deficiency Judgement
  - Copy of Primary MI Claim for Loss and Settlement Check

57. Is property  vacant or  occupied? If occupied, please state name of occupant: \_\_\_\_\_  
 Key to property may be obtained from \_\_\_\_\_ Telephone (\_\_\_\_) \_\_\_\_\_

**For your protection California law requires the following to appear on this form: ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN STATE PRISON.**

**The following statement applies to insured parties residing in and to those who make claims with respect to insured loans secured by properties located in New York: ANY PERSON WHO KNOWINGLY AND WITH THE INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.**

**Other jurisdictions have laws that apply to insured parties and to those who make claims with respect to properties located in their respective areas which: MAKE IT A CRIME FOR PERSONS WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURANCE COMPANY TO FILE A STATEMENT OF CLAIM CONTAINING FALSE, INCOMPLETE OR MISLEADING INFORMATION. SUCH PERSONS ARE SUBJECT TO PROSECUTION AND PUNISHMENT FOR INSURANCE FRAUD. PENALTIES MAY INCLUDE FINES AND/OR IMPRISONMENT.**

**Among these jurisdictions are: Alaska, Arkansas, Colorado, Delaware, District of Columbia, Florida, Idaho, Indiana, Kentucky, Maine, Nevada, New Hampshire, New Jersey, New Mexico, Ohio, Oklahoma, Pennsylvania and Virginia.**

EXPLANATION OF BENEFITS  
OCTOBER 31, 2002

RE: CLAIM FOR LOSS ID 330918  
 CERTIFICATE NO 11512992  
 LENDER LOAN NO 7692528

BORROWER:  
 ADDRESS:

CLAIMS REPRESENTATIVE: JAMES O'NEILL

PAYMENT AMOUNT: \$ 5,206.42  
 PAYMENT TYPE: PERCENTAGE OPTION

## CLAIM SUMMARY

ITEM	SUBMITTED	AUTHORIZED	EXPLANATION
UNPAID PRINCIPAL BALANCE	\$ 38,936.08	\$ 38,936.08	
ACCUMULATED INTEREST	2,005.47	2,005.47	
ATTORNEYS FEES	500.00	500.00	
PROPERTY TAXES	1,153.38	0.00	E4
HAZARD INSURANCE PREMIUMS	2,364.74	1,182.37	E4
STATUTORY DISBURSEMENTS	824.12	824.12	
OTHER DISBURSEMENTS	618.71	350.00	D4
ESCROW ACCOUNT BALANCE	-49.79	-49.79	
PLEGGED SAVINGS	<u>-361.35</u>	<u>-361.35</u>	
TOTAL CLAIM	\$ 45,991.36	\$ 43,386.90	
ADJUSTED CLAIM	\$ 45,991.36	\$ 43,386.90	
NET CLAIM SETTLEMENT (12% COVERAGE)		\$ 5,206.42	
NET BENEFIT		\$ 5,206.42	

EXPLANATION

D4 - MORTGAGE INSURANCE PREMIUMS ARE NOT CLAIMABLE  
 E4 - EXPENSES PRIOR TO DEFAULT NOT ALLOWED

**Mortgage Guaranty Insurance Corporation**  
MGIC Plaza, Milwaukee, WI 53202

#71-41961.DOC (01/03)