

National MI TrueSolutions<sup>SM</sup>

# Default Reporting and Claims Guide

**OCTOBER 2014**

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## Introduction

National MI's Default Reporting and Claims Guide (the "Guide") outlines National MI's Mortgage Guaranty Insurance Master Policy (the "Master Policy") requirements for servicing Borrower Defaults, mitigating potential losses, and preparing and filing a complete qualified Claim. In addition, the Guide explains National MI's Claims process once we have received a completed Claim filing.

These guidelines are based on the "Terms and Conditions" section of the Master Policy. Please refer to the appropriate provisions of the Master Policy for a complete explanation of the Insured's and National MI's respective rights and responsibilities. Our goal is to work with the Insured and its Servicer to cure Defaults within the framework of the Policy, to mitigate Loss where possible, to simplify the Claim filing process, and to provide the maximum allowed benefit under the Master Policy.

This Guide is intended to explain and assist National MI's Insureds and their Servicers in following the requirements of the Master Policy, and the information in this Guide is subject to change from time to time. This Guide is not intended to amend or modify the Master Policy and, therefore, in the event of any inconsistency between this Guide and the Master Policy, the terms of the Master Policy will prevail. Capitalized terms not defined in this Guide will have the same definition contained in the "Definitions" section of the Master Policy.

## Default Reporting

Timely and accurate reporting of Loans in Default is (i) essential for effective Default servicing and loss mitigation, (ii) a condition precedent for a claim payment under the Master Policy and (iii) is required so that National MI will maintain adequate loss reserves.

### **NOTICE OF DEFAULT (NOD):**

If a Default on a Loan occurs, National MI requires a Notice of Default (NOD – see Exhibit 1) be submitted to National MI (1) within forty-five (45) days for an Early Default (failure of the Borrower to make any of the initial twelve (12) monthly payments in accordance with the terms of a Loan) or (2) within ten (10) days of the first to occur of:

- a. The date when the Borrower becomes three (3) consecutive monthly payments in Default on the Loan; or
- b. The date when any Appropriate Proceedings which affect the Loan or the Property, or the Insured's, the Third-Party Beneficiary's or Borrower's interest therein have been started, whichever occurs first.

The Insured or its Servicer shall provide National MI with written notice within fifteen (15) days after the Insured has knowledge of any proceeding, including Appropriate Proceedings, which affects the Loan, the Property, or the Insured's, the Third-Party Beneficiary's or the Borrower's interest therein.

Failure to file the Notice of Default within the specified time period may affect the Claim Amount as outlined in the Master Policy.

Example #1: Assume the Loan closed and the National MI Certificate is effective on 1/15/13 with the first monthly Loan payment due on 3/1/13. The borrower misses the 6/1/13 monthly Loan payment and has not made a payment by 7/15/13. The NOD should be submitted to National MI no later than 7/15/13. This is an Early Default and National MI requires notification of the Default by the 45th day after the date the payment in Default was due.

Example #2: Assume the Loan closed on 1/15/12 with the first payment due on 3/1/12. The borrower has made 12 monthly consecutive payments on time. The Borrower Defaults on the 9/1/13 payment. This is not an Early Default and the Master Policy requires notification to National MI within ten (10) days of the date the borrower becomes three (3) consecutive monthly payments in Default. Therefore the NOD should be received by National MI no later than 11/10/13.

### **MONTHLY DEFAULT STATUS REPORTING:**

Following the initial filing of the NOD, the Insured or its Servicer must give National MI monthly reports by the 25th calendar day of the following month, in any form or via any medium acceptable by National MI. These monthly reports should include the status of the Loan (see Exhibit 2), the servicing efforts undertaken to remedy the Default and mitigate the loss, or actions taken to conclude the Appropriate Proceedings. These monthly reports must continue until the Borrower is no longer in Default, the Appropriate Proceedings terminate, or until title to the Property has been transferred to the Insured or to a third party in connection with an approved Third-Party Sale.

### **HOW TO SUBMIT MONTHLY DEFAULT REPORTS:**

National MI offers several options for submitting NODs and Monthly Status Reports.

- **Form submissions:** These can be sent via mail, fax, or secured email. National MI is responsible for entering the data as presented accurately into our system and for determining that the submission complies with National MI's current guidelines.
- **Electronic data submissions:** The Insured or its Servicer is responsible for entering the data accurately through the electronic submission process, and National MI will check the information submitted for compliance with National MI's current guidelines.

Regardless of the option selected, National MI relies upon the accuracy and validity of the information submitted by the Insured or Servicer.

### **RENEWAL PREMIUM AFTER BORROWER DEFAULT:**

According to the Master Policy, the obligation to pay premiums shall cease as of the date of Default; however, premiums must continue to be paid to maintain coverage in the event a Loan in Default cures until it may subsequently go into Default. Otherwise, if the Loan cures and premiums have not been maintained, National MI is under no obligation to reinstate the coverage on the Loan.

## Mitigation of Loss Efforts

National MI's loss mitigation team understands that timing can be very critical on workout approval and we will provide a quick turnaround on all workout requests. National MI also has a delegated loan modification program.

National MI has a dedicated email address [defaultreporting@nationalmi.com](mailto:defaultreporting@nationalmi.com) for assistance with delinquent loan servicing. National MI also has a dedicated Fax line at 510.858.0343 for delinquent loan servicing requests. All requests received via fax or email address will be routed to the appropriate Delinquent Loan Servicing Representative for review and processing.

### **LENDER MITIGATION OF LOSS EFFORTS DURING BORROWER DEFAULT:**

When a Borrower Defaults, it is important that the Insured or its Servicer begin servicing efforts by contacting the delinquent borrower to resolve the Default. Timely and professional Borrower contact can make the difference between continued delinquency and an acceptable Default resolution.

National MI expects the Insured and Servicer to use notices, letters, telegrams, telephone, e-mail, face-to-face contacts, and any other commercially reasonable Default resolution techniques developed by and available to prudent mortgage servicers.

Default resolution can preserve homeownership for Borrowers and prevent losses. The Master Policy requires the Insured lender/servicer to assist National MI in preventing and mitigating National MI's loss. This means that a loan workout plan such as a repayment plan, forbearance plan or loan modification must be considered a viable mitigation of loss tool for Borrowers who have the ability and desire to cure the delinquency. The Insured or Servicer professional staff should make every commercially reasonable effort to prevent a mortgage loss from a Borrower's Default

### **MITIGATION OF LOSS TOOLS:**

#### **Forbearance Agreements and Repayment Plans**

To help Borrowers keep their homes and to prevent a loss, National MI encourages Servicer attempts to pursue forbearance agreements and repayment plans aimed at giving the Borrowers an opportunity to reinstate a Loan provided the Borrowers have a reasonable expectation the plan can work. Notify National MI of the terms of any plan for approval. Although our prior approval is not required in most situations, National MI is ready to work with you to develop and approve workable plans. You can submit your request to National MI by emailing [defaultreporting@nationalmi.com](mailto:defaultreporting@nationalmi.com).

### **Loan Modifications**

The Master Policy requires National MI's approval before a Loan modification is completed provided certain exceptions where (1) the terms of the Loan specifically permit the modification, (2) the modification is required by Applicable Law, or (3) the modification conforms to Company issued guidelines. Loan modifications can be an effective loss mitigation tool to keep loans current or cure a delinquency. A loan modification should be offered on every National MI insured loan when the Borrowers have the financial ability and have expressed a desire to keep their home after the Loan is modified. Notify the National MI Default Servicing department at [defaultreporting@nationalmi.com](mailto:defaultreporting@nationalmi.com) of all loan modifications for approval and/or reporting purposes.

Since loan modifications can take many forms (interest rate, loan balance, and/or amortization changes) it is important you notify National MI of the change(s). For example, should you fail to notify National MI of an increase to the principal balance and fail to pay the increased premiums, the increase in the principal balance may not be an allowable item in the Claim calculation.

### **Assumptions**

The Master Policy requires advance written approval from National MI before a Loan is assumed or the Property is transferred. Assumption of the Loan by a third party may be an alternative to foreclosure in many circumstances. Notify National MI of the assumption terms for approval, including release or non-release of the original Borrower. Please be prepared to follow the Loan Assumptions instructions in the Policy Servicing Guidelines.

### **Advance Claim Payment**

In any workout program, it is possible that the Borrower has some funds to apply to the delinquency but not enough to cure the Default. A Claim Advance, allows the Insured and Servicer access to pre-claim mortgage insurance funds to facilitate existing work-out programs while building a relationship with the Borrower. A National MI Insured has the flexibility to customize long-term resolutions. A Claim Advance must receive National MI approval.

Should the Loan become delinquent again and result in a Claim, the amount of the Advance Claim Payment will be deducted from the final Claim Payment.

Should the Borrower subsequently sell the Property, the Insured is responsible for remitting to National MI the amount of the Claim Advance.

### **Short Sale (Pre-Foreclosure Sales)**

When the Borrower is either not interested in preserving or is unable to preserve their ownership then selling the Property before a foreclosure may be the best route to mitigating a Loss. National MI will help the Insured, the Servicer and homeowners by assisting with property evaluation, delinquency assessment, and the advisability of a Short Sale as described in the Master Policy as Conditions Precedent to Payment of a Claim. National MI recognizes that a potential loss can be minimized by working with distressed Borrowers to negotiate a Short Sale of the Property once the Insured has pursued all avenues reasonably available to cure the Default, preserve home ownership and reduce the loss. Prudent standards of workout are always observed for the benefit of all parties.

Please notify National MI in writing for a Short Sale approval. Please provide the information necessary to evaluate your property sale request which may include:

- Payoff statement/Total Debt
- Sales contract and estimated net proceeds
- Current Property Valuation (appraisal or broker price opinion)
- Hardship letter
- Current financial statement
- Credit Bureau Report
- Financial Documents (tax returns, bank statements, etc.)
- Collection efforts to date
- Qualifying statement justifying the Short Sale

After reviewing the Pre-Sale package documentation, National MI will consider the information with respect to hardship, claim probability and loss mitigation. We will make every effort to respond to the Short Sale request within 5 business days of receipt of all requested documentation. The Insured should remember that an approval shall neither constitute nor be deemed an acknowledgement of liability by National MI.

### **Voluntary Conveyance (Deed-in-Lieu of Foreclosure (D-I-L))**

Similar to the decision to approve a Short Sale a Voluntary Conveyance of the property (deed-in-lieu of foreclosure or D-I-L) may be preferable to foreclosure in terms of mitigating loss for all parties involved. National MI must be notified of such requests and our prior written approval is a condition of claim payment. Please provide the same documents required for a Short Sale for National MI's review along with your Deed-in-Lieu request.



### **THIRD PARTY SALE AT FORECLOSURE**

Since time and ownership risk may increase the ultimate loss after the Foreclosure, a Third Party Sale should be part of any mitigation of Loss plan. The Insured or Servicer may agree to a Third-Party Sale at Foreclosure for less than the Borrower's full indebtedness only if National MI's prior written approval has been obtained or if the bid is in accordance with National MI's bidding instructions. The Insured or Servicer should anticipate the market conditions that could result in a better outcome from a modified bidding strategy at the Foreclosure sale and obtain this approval in advance.

### **PRE-CLAIM SALE OF REAL ESTATE OWNED (REO)**

In keeping with efforts to mitigate Loss, the Insured or Servicer should list the property as soon as possible after acquiring Borrower's title at the foreclosure sale. The Master Policy allows National MI to purchase the REO from the Insured as the primary settlement option. The Master Policy permits as long as sixty (60) days to file the Claim. Therefore, it may be beneficial to present the Property for sale as early as possible and to obtain National MI's approval on any offers presented prior to filing the Claim.

If the secured property has been damaged, it must be restored to the condition at the time coverage was extended, reasonable wear and tear excepted. Waiver of this condition must be approved in writing by National MI. Contact National MI to discuss the matter before initiating restoration to explain and determine the best way to mitigate loss.

## Appropriate Proceedings

When mitigation of loss efforts have been exhausted consistent with the requirements of the Master Policy, the Insured must begin proceedings to acquire title to the Property within the time specified in the Master Policy. Unwarranted delays in presenting a valid claim may result in adjustments to the claim and the final settlement.

Appropriate Proceedings means any legal, administrative or non-judicial action or proceeding permissible under the laws of the jurisdiction where the Property is located, to enforce the Borrower's obligations under a Loan. These actions include, but are not limited to, enforcing the terms of the Loan, preserving and pursuing a deficiency, and acquiring Borrower's Title or Good and Merchantable Title to the Property.

As addressed above, beginning on the first day the Loan is in Default, for any reason and not limited to missed payments, National MI expects the Insured or its Servicer to diligently pursue all commercially reasonable avenues to mitigate Loss. As an example, in addition to the mitigation efforts described above under "Mitigation of Loss", where applicable, the Insured or its Servicer must apply for the appointment of a receiver and assignment of rent whenever it is appropriate and allowed. At any time after a Default occurs and the Insured or its Servicer becomes aware of the Property being abandoned, the Insured or Servicer must act to secure Possession of the Property to avoid incurring additional damage while Appropriate Proceedings are pursued.

### **APPROPRIATE PROCEEDINGS TIMETABLE:**

Please refer to the maximum timelines listed in the "State Foreclosure Periods" table set out in either Fannie Mae's or Freddie Mac's Servicing Guide, as applicable.

To avoid any interest curtailments upon claim settlement, the Insured or Servicer must diligently pursue the necessary steps to acquire Borrower's Title to the Property and be prepared to tender Good and Merchantable title to National MI, if it exercises the Acquisition Option.

### **FORECLOSURE BIDDING INSTRUCTIONS:**

Unless otherwise instructed by National MI, in those states where the foreclosure process permits or requires bidding at the foreclosure sale, the Insured shall bid, or cause its Servicer to bid as follows:

1. When the Third-Party Beneficiary with respect to the Loan is either Fannie Mae or Freddie Mac, in an amount in accordance with the then- applicable bidding guidelines required by such Third-Party Beneficiary; and
2. When the Insured or Third-Party Beneficiary is other than Fannie Mae or Freddie Mac, in accordance with the following instructions:
  - a. If the current market value of the Property is unknown, the Insured or the Servicer shall make an opening bid at no less than 80% of the Default Amount plus accrued and unpaid interest due on the Loan computed at the note rate plus Advances not yet reimbursed (collectively, the "Total Debt"). In the event of competitive bidding, the Insured or the Servicer shall continue to bid until it is the successful bidder or until the bidding reaches the Total Debt, whichever comes first.
  - b. If the current market value of the Property is known, i.e., within the past ninety (90) days the Property has been appraised or has been the subject of a "broker price opinion," the Insured or the Servicer shall make an opening bid at the lesser of (i) 100% of such known value or (ii) the Total Debt. In the alternative, the Insured or the Servicer may bid a lesser amount if it so desires and such bid amount is permissible under Applicable Law. In the event of competitive bidding, the Insured or the Servicer shall continue to bid until the Property is sold to a third party for an amount at or in excess of the known value, it is the successful bidder or until the bidding reaches the Total Debt, whichever comes first.

In the event the Insured's or Third-Party Beneficiary's foreclosure bidding instructions conflict with the above, Servicers shall be required to receive National MI's prior written consent prior to disregarding these instructions.

Contact National MI's Claims Department at any time there are questions about the bidding process or at any time there are circumstances that require consideration. Examples might include, but not be limited to, situations where a Property has sustained damage from a natural disaster, bidding instructions conflict with a Third Party Beneficiary's servicing instructions, or toxic waste has been discovered.

## Bankruptcy

Many of the largest foreclosure losses are from loans that were in bankruptcy prior to and/or during the foreclosure. While often overlooked as potential workout candidates, bankruptcy workouts can lead to substantial savings

The Insured or Servicer's attorney may recommend a reaffirmation agreement, but one is not necessary to complete the workout. In a situation where the debtor does not intend or desire to keep the property, a pre-foreclosure sale may mitigate the loss.

In the event the delinquent Borrower files a bankruptcy, National MI allows six months from the date of the filing to obtain relief from the automatic stay or dismissal of the case. On Chapter 11 or 13 filings, National MI allows six months from the last post-petition payment to obtain relief. The Insured lender/servicer is required to (re)institute foreclosure action no later than sixty days from the date the Insured obtains relief from the bankruptcy. Failure to do so may result in an adjustment to a future claim.

Notify National MI if the Borrowers are involved in any bankruptcy proceeding, and provide the type of bankruptcy filed, the file date and the date the relief from automatic stay was granted.

## Deficiency Judgments

In the context of residential mortgage servicing, a deficiency is the difference between the amount of the mortgage indebtedness and any lesser amount recovered by the mortgagee from the foreclosure sale. Deficiency laws vary by state.

It is important that the Insured and its Servicer be proficient on local deficiency laws. This may provide leverage to encourage a Borrower to either reinstate or cooperate in a loan workout. In states where recovering a deficiency from a Borrower is permitted and there are recoverable assets, a deficiency should be established. Depending on the financial profile of the Borrower, consideration should be given to pursuing the Borrower for a Deficiency Judgment in accordance with the terms of the Master Policy.

Section V.E(2). of the Master Policy describes National MI's right to subrogation of the Insured's rights of recovery against a Borrower. In these provisions, National MI reserves the right to pursue Borrowers directly where allowed by state law. These rights should be preserved and protected by the Insured and it's Servicer in accordance with this Master Policy section.

## Claim Filing & Processing Timelines

### CLAIM FILING TIMEFRAME:

The Master Policy requires the Insured or the Third-Party Beneficiary to submit a Claim for Loss no later than sixty (60) days after the earlier of acquiring the Borrower's Title to the Property, or a Third-Party Sale, or if the Insured or the Third-Party Beneficiary so elects, after expiration of the Borrower's right of redemption, if any. There may be special circumstances (e.g. Pre-Sales, D-I-L, waiver of redemption rights, evictions) that serve to lengthen or shorten this period upon written approval from National MI.

### CLAIM PROCESSING TIMEFRAME:

A Claim for Loss may be submitted through the following channels:

1. Mailed to: National MI Headquarters Address
2. Sent by overnight courier to: National MI Headquarters Address
3. Sent by Fax to: 510.858.0343
4. Electronic submissions: National MI supports EDI 260 Claim submissions

Please contact National MI's Default Servicing team at [claimprocessing@nationalmi.com](mailto:claimprocessing@nationalmi.com) with any questions related to available channels for submitting your Claim.

The Claim Settlement Period will be a sixty (60) day period after National MI's receipt of a Perfected Claim, calculated as follows:

**First Request:** If National MI needs additional information in order to process a Claim filed by the Insured, the Third-Party Beneficiary or the Servicer, National MI shall notify the Insured or Servicer of any Core Claims Documents not received and required to perfect such claim within twenty (20) days of receipt of such Claim. The Claim will be deemed to be perfected as of the date National MI receives a complete response to such First Request. If National MI does not make a First Request within the twenty (20) day period following receipt of the Claim, then the Claim shall be deemed to be perfected as of the date National MI received the Claim.

**Additional Requests:** National MI shall have an additional ten (10) day period after receipt of a response to a First Request within which to make any additional requests for documents or information, and the Insured or the Servicer must use reasonable efforts to satisfy such additional request(s), but the sixty (60) day Claim Settlement Period will not be suspended.

**Failure to Perfect a Claim:** If the Insured fails to file a Perfected Claim within one hundred and twenty (120) days after the filing of the Claim (or within such longer period of time as National MI may allow in writing), National MI shall deny the Claim in a written communication to the Insured that sets forth the reason for the denial.

### **CALCULATION OF THE CLAIM AMOUNT:**

Under the Master Policy, the Claim Amount will be an amount equal to the sum of:

- a) The amount of unpaid principal balance due under the Loan as of the date of Default without capitalization of delinquent interest, penalties or Advances, but including amounts added to the Loan balance as a result of (i) Negative Amortization provided for in the Loan documents or (ii) a loan modification approved by National MI; and
- b) The amount of accrued and unpaid interest due on the Loan (but in no event in excess of three (3) years) computed at the contract rate stated in the Loan through the date that the Claim is filed with National MI, but excluding applicable late charges, penalty interest or other changes to the interest rate by reason of Default; and
- c) The amount of Advances incurred by the Insured or the Third-Party Beneficiary prior to filing of the Claim provided that payment of such Advances other than attorney's fees are prorated through the earlier of the date the Claim is submitted, or required to be submitted, to National MI or the Third Party Sale of the Property;

less:

- d) The amount of all rents and other payments (excluding proceeds of fire and extended coverage insurance and proceeds of a Third-Party Sale) collected or received by the Insured or the Third-Party Beneficiary, prior to the earlier of the date the Claim is submitted, or required to be submitted, which are derived from or in any way related to the Property;
- e) The amount of cash remaining in any escrow account to which the Insured or the Third-Party Beneficiary has a right, as of the last payment date;
- f) The amount of cash or other collateral to which the Insured or the Third-Party Beneficiary has retained the right of possession as security for the Loan;
- g) The amount paid under applicable fire and extended coverage policies which has not been applied to either the restoration of the Property, if the Property suffered Physical Damage, or to the payment of the Loan;
- h) The amount expended by the Insured or the Third-Party Beneficiary for Advances requiring approval by National MI which have not been approved by National MI;

## **CLAIM DOCUMENTATION:**

The following documents (Core Claims Documents) shall be required for a Perfected Claim:

- (1) Loan history from inception of Loan (including all payments, advances, late charges, paydowns, etc.)
- (2) Evidence of Good and Merchantable Title (e.g., current title policy)
- (3) Bankruptcy documents (if applicable)
- (4) Rent or receiver account history
- (5) Copy of original note
- (6) Original trust deed or mortgage (collateral instrument)
- (7) Original first lien title policy (if applicable)
- (8) Original purchase agreement
- (9) Buydown agreement (if applicable) (10) Assumption agreement (if applicable)
- (11) Modification agreement (if applicable)
- (12) Expense documentation
- (13) Closing statement from most recent sale
- (14) Complete Closing File
- (15) Complete Origination File
- (16) Documents pertaining to preservation and/or establishment of Deficiency Judgment
- (17) Copy of all foreclosure documents
- (18) Primary servicing screen print display, including unpaid principal balance, due date, last payment date, interest rate, principal and interest amount, borrower name(s), Property address, and any additional pertinent Loan information
- (19) Any collateral value information, including broker's price opinions or appraisals
- (20) Copy of any hazard insurance claim settlements
- (21) The identity of the Third-Party Beneficiary to the Policy for the Loan
- (22) Such other documents as may be specified in this Default Reporting and Claims Guide as of the applicable Certificate Effective Date.



## Claim Settlement Options

When the Claim for Loss is received it will be processed to verify that coverage is in force and that all documents necessary to perfect the Claim have been received. Final settlement of the adjusted and verified Claim will occur in one of three (3) ways:

### **ACQUISITION OPTION:**

National MI will accept title to the property, free and clear of all liens and encumbrances, and pay the entire verified claim amount, less the amount of any payments of Loss previously made by National MI with respect to the Loan, payable in exchange for the conveyance of Good and Merchantable Title to and Possession of the Property.

If National MI elects to acquire the property, submit the warranty deed conveying the property to National Mortgage Insurance Corporation with a title insurance policy verifying that National Mortgage Insurance Corporation has Good and Merchantable title.

### **PERCENTAGE OPTION:**

National MI will relinquish all rights to the property and pay a percentage of the total certified claim amount. This percentage, or settlement amount, is determined by the coverage selected and on which premiums have been paid as specified on the Certificate. The percentage option is calculated as the Claim Amount multiplied by the coverage percentage.

### **THIRD-PARTY SALE OPTION:**

An amount equal to the lesser of the Percentage Option or the Actual Loss in connection with a Third-Party Sale of the Property. For purposes of this settlement option, "Actual Loss" means an amount equal to the Claim Amount, plus all commercially reasonable costs incurred in obtaining and closing such sale, less the proceeds of the Third-Party Sale. Any Borrower contribution received in connection with a Third-Party Sale shall be shared pro rata by the Insured and National MI in accordance with the Master Policy.

### **SUPPLEMENTAL CLAIMS:**

The Claim settlement is typically considered the full and final discharge of National MI's obligation. However, National MI will consider a supplemental Claim request if received within ninety (90) days of the initial Claim payment, for previously unfiled expenses up to the supplemental Claim deadline, and National MI will have sixty (60) days to settle the supplemental Claim request.

### **CLAIMS PAYMENT OPTIONS:**

National MI offers flexibility in providing different claim payment options. If you're looking for a quicker and more efficient way to receive your claim payment, we recommend getting signed up to receive an electronic transfer. This alternative eliminates the need to process paper checks and provides you with access to your funds in a quicker and more efficient manner.

### **CLAIMS/RESCISSIONS APPEALS:**

In the event the Servicer/Insured does not agree with National MI's claim denial decision, National MI's decision to decrease the requested claim amount, a Rescission Notification, or a Certificate Cancellation, National MI has established processes for Insureds/Servicers to appeal these decisions. We understand that a cumbersome claim or rescissions appeals process is not beneficial to any of the interested parties so we will work closely with the Servicer and Insured on every claim and rescission appeal and will communicate in a timely manner throughout the process until resolution.

1. The Servicer/Insured must submit the claim/rescission appeal request to National MI in writing and within one hundred eighty (180) days of receiving the Rescission Notification or the Claim Denial notice. The claim/rescission appeal request must include the reason the Servicer/Insured does not agree with the decision and any additional supporting documentation to support the appeal. If the complete claim/rescission appeal request is not properly received within the ninety (90) day period, it will be denied.
2. National MI's VP of Default Servicing will review all appeals received from the Servicer/Insured.
3. In addition all claim/rescission appeals will be reviewed in a committee format that includes the following National MI management representatives:
  - a. Chief Risk Officer
  - b. Chief of Insurance Operations
  - c. VP Default Servicing
  - d. VP of Underwriting
  - e. VP Credit Policy and Quality Control
  - f. Legal Representative
4. After reviewing the Servicer/Insured's claim/rescission appeal reasoning and supporting documentation, a decision will be made and approved by the Committee and communicated to the Servicer/Insured.
5. The claim/rescission appeal decision will be communicated in writing to the Servicer/Insured within sixty (60) days of receiving the claim/rescission appeal.

If a Claim had been filed prior to the initiation of an appeal, and coverage is reinstated as a result of the appeal due to:

1. New information not previously provided, the Claim Settlement Period shall be the later of (i) 30 days after reinstatement for a previously Perfected Claim, or (ii) the remaining Claim Settlement Period.
2. If no new information was used in reinstating the loan, such Claim will be deemed perfected as of the date the coverage was reinstated and must be settled within the remaining Claim Settlement Period
6. Additional communications and status updates through email or conference calls will be conducted between National MI's Default Servicing VP/Director and the Servicer/Insured as required to facilitate a smooth and timely claim/rescission appeal process.

**EXHIBITS:**

The remaining pages of this Default Reporting and Claims Guide include the following Forms for submitting a Notice of Default, Monthly Default Status Reporting, or Filing a Claim.

- Notice of Default
- Monthly Default Status Report Form
- Claim for Loss Form

**EXHIBIT 1: NOTICE OF DEFAULT**



# Notice of Default Form

Servicer Master Policy Number:		<b>CERTIFICATE NUMBER:</b>	Servicer Loan Number:
Current Servicer/Insured:		Telephone No.: (    )	
Address:			
City:		State:	Zip Code:

<b>INVESTOR (Check One):</b> <input type="checkbox"/> Fannie Mae <input type="checkbox"/> Freddie Mac <input type="checkbox"/> Other			
Borrower (Last, First, MI)		Social Security No.:	
Co-Borrower (Last, First, MI)		Social Security No.:	
Property Address:			
City:		State:	Zip Code:
Mailing Address (if different):			
City:		State:	Zip Code:

Current Principal Balance	Total Delinquent Amount	Loan Due for Date	Bankruptcy Date	Bankruptcy Chapter	First Payment Default? <input type="checkbox"/> Yes <input type="checkbox"/> No
Occupancy Status: <input type="checkbox"/> Borrower <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant					

National Mortgage Insurance Corp. | 2100 Powell Street | 12<sup>th</sup> Floor | Emeryville, CA 94608 | 855.317.4NMI | 510.858.0343 (T) | defaultreporting@nationalmi.com

**EXHIBIT 1: NOTICE OF DEFAULT (Page 2)**



## Notice of Default Form

Reason:	<input type="checkbox"/> Unemployment	<input type="checkbox"/> Temporary Loss of Income	<input type="checkbox"/> Moved/vacated
	<input type="checkbox"/> Marital	<input type="checkbox"/> Bankruptcy	<input type="checkbox"/> Casualty Loss
	<input type="checkbox"/> Business Failure	<input type="checkbox"/> Dissatisfaction with Property	<input type="checkbox"/> Servicer Issue
	<input type="checkbox"/> Illness	<input type="checkbox"/> Excessive Use of Credit	<input type="checkbox"/> Other
	<input type="checkbox"/> Death	<input type="checkbox"/> Energy/Environment Cost	
Borrower Occupying Property:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Contact with Borrower:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
If yes, last date of last borrower contact: _____ / _____ / _____			
Service's Next Action will be:	<input type="checkbox"/> Loan Modification Workout	<input type="checkbox"/> Foreclosure	
	<input type="checkbox"/> Recommend Borrower 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: _____	
	<input type="checkbox"/> Pending Refinance	<input type="checkbox"/> Forbearance Agreement	

**DESCRIBE SERVICER'S COLLECTION EFFORTS:**

By: _____ <small>(AUTHORIZED SIGNATURE)</small>	Date: _____
Title: _____	Phone: (____) _____
Email address: _____	Fax #: _____
<p>Submission of this form will serve as certification to National Mortgage Insurance Corporation that the statements contained herein are true, accurate and complete in all respects. National Mortgage Insurance Corporation shall be entitled to rely fully on any information contained herein.</p>	

**EXHIBIT 2: MONTHLY DEFAULT STATUS REPORT**



Monthly Default Status Reporting Form

Servicer Master Policy Number:		<b>CERTIFICATE NUMBER:</b>		Servicer Loan Number:	
Current Servicer/Insured:			Telephone No.: (     )		
Address:					
City:		State:		Zip Code:	

Current Principal Balance	Total Delinquent Amount	Loan Due for Date	Bankruptcy Date	Bankruptcy Chapter	First Payment Default? <input type="checkbox"/> Yes <input type="checkbox"/> No
Occupancy Status: <input type="checkbox"/> Borrower <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant					
Date of Last Borrower Conversation: _____					
Servicer's Next Action will be:					
<input type="checkbox"/> Loan Modification Workout		<input type="checkbox"/> Foreclosure			
<input type="checkbox"/> Recommend Borrower 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: _____			
<input type="checkbox"/> Pending Refinance		<input type="checkbox"/> Other			
<b>CURRENT STATUS</b>			<b>IF FORECLOSURE (CHECK ONE)</b>		
<input type="checkbox"/> Cured	<input type="checkbox"/> Foreclosure	<input type="checkbox"/> Action Dismissed	<input type="checkbox"/> Being Pursued		
<input type="checkbox"/> Delinquent	<input type="checkbox"/> Deed-in-Lieu (DIL)	<input type="checkbox"/> Held in Abeyance	<input type="checkbox"/> Other		
<input type="checkbox"/> Redemption	<input type="checkbox"/> Bankruptcy Chapter _____	<input type="checkbox"/> Title in Lender's Name			

**COMMENTS:**

**EXHIBIT 3: CLAIM FOR LOSS**



# Claim for Loss Form

MORTGAGE INSURANCE CLAIM FOR LOSS		
<b>DATE OF CLAIM SUBMISSION:</b>		
1. Insurance Type: <input type="checkbox"/> Primary	2. Claim Type: <input type="checkbox"/> Initial <input type="checkbox"/> Supplemental <input type="checkbox"/> Other	
3. <b>CERTIFICATE NUMBER:</b>	4. Servicer Loan Number:	
5. Current Servicer/Insured:	6. Servicer Master Policy Number:	
7. Address:	8. State:	
9. City:	10. Zip Code:	
11. Borrower Name (Last, First MI):	12. Coverage %:	13. Coverage Type:
14. Property Address (Including City, State, Zip):		
15. Servicer Name (If Different than Insured's):		16. Servicer Loan Number:
17. Servicer Address (If Different than Insured, including City, State, Zip):		
18. Payee Name (If Different than Insured's Name):		19. Payee Loan Number:
20. Payee Address (If Different than Insured, including City, State, Zip):		
21. Investor Name (If Different than Payee's Name):		22. Investor Loan Number:

CLAIMABLE ITEMS:	
23. Unpaid Principal Balance: (Interest Paid Through ____/____/____)	\$ _____
24. Accumulated Interest: (From ____/____/____) to ____/____/____) = ____days @ ____%	\$ _____
25. Partial Forbearance Unpaid Principal Balance	\$ _____
26. Accumulated Interest: (From ____/____/____) to ____/____/____) = ____days @ ____%	\$ _____
27. <b>Sub-total Principal and Interest (Line 23 through 26)</b>	<b>\$ _____</b>
<b>TOTAL</b>	<b>\$ _____</b>

National Mortgage Insurance Corp. | 2100 Powell Street | 12<sup>th</sup> Floor | Emeryville, CA 94608 | 855.317.4NMI (t) | 510.858.0343 (f) | claimprocessing@nationalmi.com



**EXHIBIT 3: CLAIM FOR LOSS (Page 2)**



Claim for Loss Form

EXPENSE INFORMATION:			
TYPE	DATE PAID	DESCRIPTION	AMOUNT
28. Attorney's Fees	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____
			<b>TOTAL</b> \$ _____
29. Property Taxes	_____	_____	\$ _____
	_____	_____	\$ _____
			<b>TOTAL</b> \$ _____
30. Hazard Insurance Premium	_____	_____	\$ _____
	_____	_____	\$ _____
			<b>TOTAL</b> \$ _____
31. Property Preservation Costs	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____
			<b>TOTAL</b> \$ _____
32. Statutory Disbursements	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____
			<b>TOTAL</b> \$ _____
33. Other Disbursements	_____	_____	\$ _____
	_____	_____	\$ _____
	_____	_____	\$ _____
			<b>TOTAL</b> \$ _____
34. Sub-total Claimable Items (Total Lines 27 – 33)		<b>TOTAL</b>	\$ _____

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 35-39)	\$ _____
41. Total Claim Amount (Line 34 Minus Line 40)	\$ _____
42. Less Adjustments if any (Attach Explanation)	\$ _____
<b>(POLICY ENDORSED ADVANCES/ADVANCE CLAIM PAYMENTS)</b>	
43. Adjusted Claim Amount (Line 41 Minus Line 42)	\$ _____
44. Comments:	

**EXHIBIT 3: CLAIM FOR LOSS (Page 3)**



# Claim for Loss Form

**EXPENSE INFORMATION:**

**45. REQUIRED ENCLOSURES:**

- Evidence of Good and Merchantable Title
- Loan Payment History
- Rent or Receiver Account History
- Copy of Original Note
- Original Trust Deed or Mortgage
- Original Purchase Agreement
- Expense Documentation
- Closing Statement from Recent Sale
- Complete Closing File
- Complete Origination File
- Docs Pertaining to Preservation and/or Deficiency Judgment
- Copy of Servicing Screen Display and/or Docs Pertaining to Loan Information
- Any Collateral Value Information
- Identity of the Third Party Beneficiary

**ADDITIONAL ENCLOSURES (IF APPLICABLE):**

- Copy of Any Hazard Claim Settlements (if applicable)
- Copy of All Foreclosure Documents (if applicable)
- Bankruptcy Documents (if applicable)
- Original First Lien Title Policy (if applicable)
- Buydown Agreement (if applicable)
- Assumption Agreement (if applicable)
- Modification Agreement (if applicable)

46. Is Property  Vacant  Occupied    If occupied, name of occupant. \_\_\_\_\_  
Key to property can be obtained from \_\_\_\_\_  
Phone No: \_\_\_\_\_

EXHIBIT 3: CLAIM FOR LOSS (Page 4)



Claim for Loss Form

PROPERTY STATE	DISCLOSURES
AL, AK, AZ, CA, CT, DE, GA, HI, ID, IL, IN, IA, MA, MI, MN, MS, MO, MT, NE, NV, NH, NC, ND, OR, RI, SC, SD, TX, UT, VA, WA, WI, WY*	<b>WARNING:</b> <b>Notice to applicants:</b> any person who knowingly and with intent to defraud any insurance company or another person that files an application for insurance or a statement of claim containing any materially false information, or that conceals, for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal penalties.
AR, NM, WV	<b>Notice to Arkansas, New Mexico and West Virginia applicants:</b> any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
CO	<b>Notice to Colorado applicants:</b> it is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, and/or denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory authorities.
DC	<b>Notice to District of Columbia applicants - Warning:</b> it is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person, penalties includes imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
FL*	<b>Notice to Florida applicants:</b> any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony of the third degree.
KY	<b>Notice to Kentucky applicants:</b> any person who knowingly and with intent to defraud any insurance company or another person, files a 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, may be subject to criminal prosecution and civil penalties.
LA	<b>Notice to Louisiana applicants:</b> any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
MD	<b>Notice to Maryland applicants:</b> any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
ME	<b>Notice to Maine applicants:</b> it is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.
NJ	<b>Notice to New Jersey applicants:</b> any person who includes any false and misleading information on an application for an insurance policy is subject to criminal and civil penalties.
NY	<b>Notice to New York applicants:</b> any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance 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 (\$5,000) and the stated value of the claim for each such violation.
OH	<b>Notice to Ohio applicants:</b> any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
OK	<b>Notice to Oklahoma applicants - Warning:</b> any person who knowingly and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony [365:15-10, 36 §3613.1].
PA	<b>Notice to Pennsylvania applicants:</b> any person who knowingly and with intent to defraud any insurance company or another person, files a 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, subject to criminal prosecution and civil penalties.
TN	<b>Notice to Tennessee, Virginia and Washington applicants:</b> it is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
VT	<b>Notice to Vermont applicants:</b> any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

  

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 property is or might be subject to any environmental contamination or hazard, except as disclosed in accompanying attachments.	
47. _____ AUTHORIZED SIGNATURE	48. _____ CONTACT NAME (TYPE)
49. _____ TITLE/DEPARTMENT	50. _____ PHONE

## Company Information

National Mortgage Insurance Corporation

2100 Powell Street, 12th Floor

Emeryville, CA 94608

855.873.2584 (o)

510.858.0341 (f)

[www.nationalmi.com](http://www.nationalmi.com)