

# MPF Fidelity and Errors & Omissions Insurance Worksheet (Form OG2)



*The completion of the MPF® Fidelity and Errors & Omissions Insurance Worksheet (Form OG2) is mandatory as a condition of all PFIs maintaining its continuing eligibility under the MPF Program.*

Calendar Year Ended 12 / 31 / \_\_\_\_\_

PFI Name \_\_\_\_\_ PFI # \_\_\_\_\_

## 1. Base Determination - Compute using definition in Origination Guide Chapter 5.4.1 (See Form OG2 – MPF Guide References)

The Base is the PFI's highest annual total servicing volume serviced by the PFI for itself and for others and must include all home first lien and second lien fixed and adjustable rate mortgages secured by 1-4 Family and multi-family mortgage as required in Origination Guide Chapter 5.4.1.

Servicing Portfolio \$ \_\_\_\_\_ (BASE)

## 2. Minimum Insurance and Maximum Deductible (See the Charts in Form OG2 – MPF Guide References)

### 2.1 Minimum Required Fidelity Insurance and Maximum Deductible

A) Minimum Insurance \$ \_\_\_\_\_ B) Maximum Deductible \$ \_\_\_\_\_

### 2.2 Minimum Required E&O Insurance and Maximum Deductible

A) Minimum Insurance \$ \_\_\_\_\_ B) Maximum Deductible \$ \_\_\_\_\_

## 3. Your Actual Fidelity and E&O Insurance

A) Fidelity Coverage \$ \_\_\_\_\_ C) Fidelity Deductible \$ \_\_\_\_\_

B) E&O Coverage \$ \_\_\_\_\_ D) E&O Deductible \$ \_\_\_\_\_

## 4. Reconciliation

Is 3A equal to or greater than 2.1A?  YES  NO

Is 3B equal to or greater than 2.2A?  YES  NO

Is 3C equal to or less than 2.1B?  YES  NO

Is 3D equal to or less than 2.2B?  YES  NO

**All reconciliation answers should be Yes. If the answer to any of the reconciliation questions is "No", please contact your MPF Bank prior to returning the form.**

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1. Does the PFI maintain Fidelity Bond coverage and Errors and Omissions Insurance as required by Origination Guide Chapter 5 and Servicing Guide Chapter 102.2.3?  YES  NO
2. Does the PFI certify that no principal officer or director of PFI has been removed from such coverage or, if so, a direct surety bond has been obtained for such officer or director?  YES  NO

The PFI hereby represents and warrants that all information contained in this Form OG2 and all attachments and supporting documents is complete and accurate.

The PFI understands that the MPF Bank will be relying upon the information contained in this Form OG2 and the attachments and supporting documents and that any misrepresentation or omission may constitute a civil or criminal violation and may be cause for suspension or termination as an Originator or Servicer by the MPF Bank.

**Please attach this Form OG2 and a copy of your institution's current Fidelity Bond and Errors and Omissions Insurance certificates, policies or insurance declarations pages stating coverages and deductibles to the Annual Eligibility Certification (Form OG1).**

**The Form OG2 must be signed by an Officer authorized to execute agreements and amendments under the Resolution for Mortgage Partnership Finance Participating Financial Institution Agreement.**

\_\_\_\_\_  
Authorized Officer Signature

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Title

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

\_\_\_\_\_  
PFI Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Authorized Officer E-mail Address

**Please direct any questions regarding this worksheet to your MPF Bank representative.**

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**Origination Guide Chapter 5.4.1- Limits of Liability (12/29/11)**

The PFI must have in force and maintain fidelity insurance coverage in an amount per loss or occurrence no less than equal to the MPF Bank’s minimum required insurance limit calculated as follows:

<b>Base*</b>	<b>The MPF Bank’s minimum required insurance limit</b>
< \$100 million	\$300,000
< \$500 million	\$300,000 +0.15% of base over \$100 million
< \$1 billion	\$300,000 +0.15% of \$400 million +0.125% of base over \$500 million
> \$ 1 billion	\$300,000 +0.15% of \$400 million +0.125% of base of \$500 million +0.100% of base over \$1 billion

\* The **Base** is defined as the total of all home, second and multifamily Mortgages (MPF Bank and non-MPF Bank) annual servicing volume. In calculating the highest volume, each category must include mortgages that are:

- Held in portfolio; or
- Serviced for others.

The PFI must have in force and maintain Mortgagee's **E&O insurance coverage** having a minimum limit equal to the higher of \$300,000 or twenty percent (20%) of the fidelity insurance coverage required in the table above. If the Base consists of residential 1-4 family properties only, the limit of mortgagee's E&O insurance coverage may be capped at \$10 million.

Examples of calculations of the required minimum fidelity insurance coverage amounts are as follows:

<b>Base</b>	<b>Computation</b>	<b>MPF Bank’s Minimum Required Insurance Limit</b>
<b>\$80 million</b>	not applicable	\$300,000
<b>\$300 million</b>	\$300,000 +.0015 x (\$300 million minus \$100 million)	\$600,000

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Base	Computation	MPF Bank's Minimum Required Insurance Limit
<b>\$700 million</b>	\$300,000 +.0015 x \$400 million +.00125 x \$200 million	\$1,150,000
<b>\$1.5 billion</b>	\$300,000 +.0015 x \$400 million +.00125 x \$500 million +.001 x \$500 million	\$2,025,000

Examples of calculations of the required minimum E&O insurance coverage amounts are as follows:

Base	Computation	MPF Bank's Minimum Required Insurance Limit
<b>\$80 million</b>	not applicable	\$300,000
<b>\$300 million</b>	\$300,000 +.0015 x (\$300 million minus \$100 million)	\$300,000 *
<b>\$700 million</b>	\$300,000 +.0015 x \$400 million +.00125 x \$200 million	\$300,000 *
<b>\$1.5 billion</b>	\$300,000 +.0015 x \$400 million +.00125 x \$500 million +.001 x \$500 million	\$405,000 **

\* \$300,000 in mortgage's E & O coverage (the higher of \$300,000 or 20% of the required fidelity coverage)

\*\* \$405,000 in mortgagee's E & O coverage (the higher of \$300,000 or 20% of the required fidelity coverage)

The MPF Bank will accept bonds or policies that provide for a total limit of insurance or liability for a bond's or policy's period of coverage provided that the total at a minimum is equal to the minimum liability per loss or incident calculated as shown in the above tables.

## Form OG2 – MPF Guide References

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For Mortgagee’s E&O insurance, the MPF Bank may accept a policy that provides:

- Coverage per mortgage in place of coverage per loss or incident if the insurer’s limit or liability per mortgage is equal to or greater than the unpaid principal balance of the largest mortgage originated or serviced by the PFI, whichever is greater; and
- Lower limits of coverage of liability for losses excluding those caused by absence or inadequacy of property insurance on the Mortgaged Properties if any such lesser limit of insurance or liability is the highest amount of liability that the insurer will assume for like losses by institutions similar to the PFI.

### **Origination Guide Chapter 5.4.2 – Deductibles (02/23/07)**

The highest deductible permitted for fidelity insurance is the greater of \$100,000 or five percent (5%) of the minimum level of insurance required of the PFI by the MPF Bank for each loss or occurrence. The highest deductible permitted may not be computed based on the actual amount of insurance in force. The highest deductible permitted for E&O insurance is the greater of \$100,000 or five percent (5%) of the minimum amount of insurance required of the PFI by the MPF Bank per loss or occurrence.

Example:

Assumptions:

1. The MPF Bank requires a PFI to maintain at least \$6 million in fidelity insurance.
2. The PFI actually maintains \$7 million in fidelity insurance.

Result:

The highest deductible allowable is \$300,000, (5% of (1) above).