

EXHIBIT 35

Reinsured: CMG Mortgage Insurance Company

**Reinsurer: Atrium Insurance Corporation
(PHH Mortgage Corporation)**

Report Date: 06/30/09

Atrium Insurance Corporation
Settlement, Trust and Capital Evaluation Worksheet
For the Period ending: 06/30/09

Trust Account(s) Reconciliation

Additions to Trust Assets

Premium Ceded to Date	2,467,864.66
Capital Contributions	440,542.76
Interest	27,123.61
	2,935,531.03
Trust Balance as of 6/30/2009	2,935,531.03

CMG Current Period Net Settlements	297,379.44
Trust Balance After Net Settlements	3,232,910.47

Reinsurer Risk to Capital Calculation for Reinsured Book Years

Aggregate Original Risk for all Book Years	10,597,693.73
Fair Market Value of Assets in Trust Account	3,232,910.47
Risk to Capital Ratio	3.28:1
Capital as a % of Risk	30.51%

Ceded Losses

Current Period Ceded Losses	0.00
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Capital Calculations for Reinsured Book Years

Capital Contribution Requirement

Reinsurer Capital Required	439,521.16
Reinsurer Capital Contribution	440,542.76
Capital Deposit Balance	0.00

Minimum Capital Requirement

Minimum Aggregate Risk Exposure Test	1,059,769.37
Minimum Capital Requirement	1,059,769.37
Trust Balance after Net Settlements	3,232,910.47
Trust Account Deficiency	0.00
Deposit Required from Reinsurer	0.00

Disbursement Funds Requirement

Greater of:	
a) Disbursement Aggregate Risk Exposure Test	2,119,538.75
or	
b) Sum of 102 % of (UPR + Loss Reserves + Contingency Reserves) for all Book Years	6,526,785.17
Disbursement Funds Requirement	6,526,785.17
Trust Balance after Net Settlements	3,232,910.47
Disbursement Funds Available	0.00

Reinsurer Contingency Reserves Calculations

Ever to Date Contingency Reserves	1,381,034.44
Ever to Date Contingency Reserves Remaining	1,381,034.44
Ever to Date Contingency Reserves Released	0.00
Current Period Contingency Reserves Released	0.00

Atrium Insurance Corporation

Book Year 2006 - Effective 02/01/06 through 12/31/06 (RSA 11)

For the Period ending 06/30/09

Reinsurance Program Information

	Percent	Dollar
Gross Reinsurance Premium	25.00%	1,430,574.17
Reinsurer 1st Loss Layer Begins at	2.25%	2,318,165.35
Reinsurer 1st Loss Layer Ends at	6.25%	6,439,348.20
Reinsurer Total Loss Responsibility	4.00%	4,121,182.85
Ceding Commission	0.00%	0.00
Initial Capital Requirement	10.00%	412,118.29
Minimum Risk Exposure Requirement	10.00%	412,118.29
Disbursement Risk Exposure Requirement	20.00%	824,236.57

Key Book Year Statistics

	Original	Current	% Remaining
Principal Balance of Loans Insured	382,222,828.00	276,294,048.00	72.29%
Risk Ever In Force	103,029,571.32	75,796,200.48	73.57%
Policies Ever In Force	2,678	1,959	73.15%
Average Risk In Force	26.96%	27.43%	
Average Loan Size	142,726.97	141,038.31	
Number of Claims		34	
Number of Delinquent Loans		180	
Risk In Force On Delinquent Loans		7,674,996.35	
Outstanding Commitments		0.00	
Number of Committed Loans		0	

Quarter over Quarter Differences	Contract To Date	Contract to Previous Quarter	Quarter to Date
Number of Policies	2,678	2,678	0
Insurance in Force	382,222,828.00	382,222,828.00	0.00

Loss Reserves	Gross Amount	Retained by CMG	Ceded to Reinsurer
Case Reserves	3,662,751.67	1,033,092.88	2,629,658.79
IBNR Reserves	531,098.99	149,798.46	381,300.53
Total Reserves	4,193,850.66	1,182,891.34	3,010,959.32

Book Year Net Settlement Calculations

	Gross Amount	Retained by CMG	Ceded to Reinsurer
Gross Written Premiums	5,722,296.69	4,291,722.52	1,430,574.17
Paid Losses	1,336,634.64	1,336,634.64	0.00
Ceding Commission			0.00
Inception to Date Net Settlement			1,430,574.17
Amount Paid to Date			1,325,111.23
Net Settlement this Period			105,462.94

Book Year Capital & Reserve Requirements

	Gross Amount	CMG	Reinsurer
Initial Capital Requirement			412,118.29
Minimum Risk Exposure Requirement			412,118.29
Required Reserves			
Contingency Reserves	2,858,361.11	2,143,770.83	714,590.28
Loss Reserves	4,193,850.66	1,182,891.34	3,010,959.32
Unearned Premium	5,574.47	4,180.85	1,393.62
Excess Losses	0.00	0.00	0.00
Total Reserves	7,057,786.24	3,330,843.02	3,726,943.22
Disbursement Risk Exposure Requirement			824,236.57

Contingency Reserves Calculations

	Reinsurer
Ever to Date Contingency Reserves	714,590.28
Ever to Date Contingency Reserves Remaining	714,590.28
Ever to Date Contingency Reserves Released	0.00
Current Period Contingency Reserves Released	0.00

Atrium Insurance Corporation

Book Year 2007 - Effective 01/01/07 through 12/31/07 (RSA 12)

For the Period ending 06/30/09

Reinsurance Program Information

	Percent	Dollar
Gross Reinsurance Premium	25.00%	1,107,906.47
Reinsurer 1st Loss Layer Begins at	2.25%	2,568,149.67
Reinsurer 1st Loss Layer Ends at	6.25%	7,133,749.09
Reinsurer Total Loss Responsibility	4.00%	4,565,599.42
Ceding Commission	0.00%	0.00
Initial Capital Requirement	10.00%	27,402.87
Minimum Risk Exposure Requirement	10.00%	456,559.94
Disbursement Risk Exposure Requirement	20.00%	913,119.88

Key Book Year Statistics

	Original	Current	% Remaining
Principal Balance of Loans Insured	422,680,888.00	361,591,861.00	85.55%
Risk Ever In Force	114,139,985.55	98,841,853.81	86.60%
Policies Ever In Force	2,742	2,364	86.21%
Average Risk In Force	27.00%	27.34%	
Average Loan Size	154,150.58	152,957.64	
Number of Claims		12	
Number of Delinquent Loans		170	
Risk In Force On Delinquent Loans		7,824,250.90	
Outstanding Commitments		0.00	
Number of Committed Loans		0	

Quarter over Quarter Differences	Contract To Date	Contract to Previous Quarter	Quarter to Date
Number of Policies	2,742	2,742	0
Insurance in Force	422,680,888.00	422,680,888.00	0.00

Loss Reserves	Gross Amount	Retained by CMG	Ceded to Reinsurer
Case Reserves	3,542,350.99	1,792,367.42	1,749,983.57
IBNR Reserves	513,640.89	259,893.27	253,747.62
Total Reserves	4,055,991.88	2,052,260.69	2,003,731.19

Book Year Net Settlement Calculations

	Gross Amount	Retained by CMG	Ceded to Reinsurer
Gross Written Premiums	4,431,625.89	3,323,719.42	1,107,906.47
Paid Losses	530,256.02	530,256.02	0.00
Ceding Commission			0.00
Inception to Date Net Settlement			1,107,906.47
Amount Paid to Date			971,987.73
Net Settlement this Period			135,918.74

Book Year Capital & Reserve Requirements

	Gross Amount	CMG	Reinsurer
Initial Capital Requirement			27,402.87
Minimum Risk Exposure Requirement			456,559.94
Required Reserves			
Contingency Reserves	2,213,864.16	1,660,398.12	553,466.04
Loss Reserves	4,055,991.88	2,052,260.69	2,003,731.19
Unearned Premium	3,897.57	2,923.18	974.39
Excess Losses	0.00	0.00	0.00
Total Reserves	6,273,753.61	3,715,581.99	2,558,171.62
Disbursement Risk Exposure Requirement			913,119.88

Contingency Reserves Calculations

	Reinsurer
Ever to Date Contingency Reserves	553,466.04
Ever to Date Contingency Reserves Remaining	553,466.04
Ever to Date Contingency Reserves Released	0.00
Current Period Contingency Reserves Released	0.00

Atrium Insurance Corporation

Book Year 2008 - Effective 01/01/08 through 12/31/08 (RSA 14)

For the Period ending 06/30/09

Reinsurance Program Information

	Percent	Dollar
Gross Reinsurance Premium	25.00%	226,672.26
Reinsurer 1st Loss Layer Begins at	2.25%	1,074,887.70
Reinsurer 1st Loss Layer Ends at	6.25%	2,985,799.16
Reinsurer Total Loss Responsibility	4.00%	1,910,911.46
Ceding Commission	0.00%	0.00
Minimum Risk Exposure Requirement	10.00%	191,091.15
Disbursement Risk Exposure Requirement	20.00%	382,182.29

Key Book Year Statistics

	Original	Current	% Remaining
Principal Balance of Loans Insured	199,222,293.00	182,957,747.00	91.84%
Risk Ever In Force	47,772,786.53	44,113,790.88	92.34%
Policies Ever In Force	1,303	1,205	92.48%
Average Risk In Force	23.98%	24.11%	
Average Loan Size	152,895.08	151,832.16	
Number of Claims		1	
Number of Delinquent Loans		21	
Risk In Force On Delinquent Loans		823,488.06	
Outstanding Commitments		0.00	
Number of Committed Loans		0	

Quarter over Quarter Differences	Contract To Date	Contract to Previous Quarter	Quarter to Date
Number of Policies	1,303	1,302	1
Insurance in Force	199,222,293.00	199,022,493.00	199,800.00

Loss Reserves	Gross Amount	Retained by CMG	Ceded to Reinsurer
Case Reserves	363,819.23	363,819.23	0.00
IBNR Reserves	52,753.79	52,753.79	0.00
Total Reserves	416,573.02	416,573.02	0.00

Book Year Net Settlement Calculations

	Gross Amount	Retained by CMG	Ceded to Reinsurer
Gross Written Premiums	906,689.03	680,016.77	226,672.26
Paid Losses	29,226.56	29,226.56	0.00
Ceding Commission			0.00
Inception to Date Net Settlement			226,672.26
Amount Paid to Date			170,674.50
Net Settlement this Period			55,997.76

Book Year Capital & Reserve Requirements

	Gross Amount	CMG	Reinsurer
Initial Capital Requirement			0.00
Minimum Risk Exposure Requirement			191,091.15
Required Reserves			
Contingency Reserves	451,912.46	338,934.34	112,978.12
Loss Reserves	416,573.02	416,573.02	0.00
Unearned Premium	2,864.12	2,148.09	716.03
Excess Losses	0.00	0.00	0.00
Total Reserves	871,349.60	757,655.45	113,694.15
Disbursement Risk Exposure Requirement			382,182.29

Contingency Reserves Calculations

	Reinsurer
Ever to Date Contingency Reserves	112,978.12
Ever to Date Contingency Reserves Remaining	112,978.12
Ever to Date Contingency Reserves Released	0.00
Current Period Contingency Reserves Released	0.00



**Reconciliation of Trust Account
Atrium Insurance Corporation**

Statement as of Date: 06/30/09 Statement as of Quarter: 2Q09

The Bank of New York Account #:262539

Bank Clearing Date	CMG Transaction Initiated Date	Transaction Type Description	CMG Premium Cession	Capital Contribution	Interest Income	Trust Fees	Premium Tax	Federal Income Tax	Operating Expenses	Lender Dividends	Other Items	Market Value Adjustments
02/14/2007		Premium Cession	\$245,852.49									
03/01/2007		Interest			\$216.88							
03/19/2007		Capital Contribution		\$380,350.00								
04/02/2007		Interest			\$792.26							
05/10/2007		Interest			\$1,185.68							
05/25/2007		1q07 premium cession	\$97,047.09									
06/01/2007		Interest			\$1,270.34							
07/01/2007		Interest			\$1,373.79							
08/01/2007		Interest			\$1,422.26							
08/20/2007		2q 07 premium cession	\$170,975.66									
08/29/2007		Capital Contribution		\$59,465.94								
09/01/2007		Interest			\$1,565.57							
10/01/2007		Interest			\$1,714.93							
11/13/2007		Premium Cession 3Q07	\$207,352.72									
11/30/2007		Interest			\$1,636.18							
12/31/2007		Interest			\$1,611.50							
01/31/2008		Interest			\$1,625.68							
02/14/2008		Premium Q4 2007	\$256,958.72									
02/29/2008		Interest			\$1,333.26							
03/31/2008		Interest			\$523.81							
04/30/2008		Interest			\$379.20							
05/16/2008		1Q08 premium cession	\$280,545.45									
05/31/2008		Capital Contribution		\$527.20								
05/31/2008		Interest			\$58.96							
06/30/2008		Interest			\$67.08							
07/31/2008		Interest			\$1,969.54							
08/04/2008		Interest			\$2,335.89							
08/14/2008		2Q08 Premium Cession	\$293,843.94									
08/29/2008		Capital Contribution		\$199.62								
09/30/2008		Interest			\$2,561.19							
10/31/2008		Interest			\$1,953.76							
11/14/2008		Premium 3Q2008	\$304,809.50									
11/30/2008		Interest			\$382.99							
12/31/2008		Interest			\$368.11							
01/30/2009		Interest			\$188.27							
02/12/2009		Interest			\$153.76							
02/12/2009		Premium Cession Q4 2009	\$309,193.97									
03/03/2009		Interest			\$99.06							
04/30/2009		Interest			\$210.98							
05/04/2009		Interest			\$73.09							
05/14/2009		Premium Cession Q1 09	\$301,285.12									
06/02/2009		Interest			\$49.59							
YTD Transactions as of 06/30/2009			\$610,479.09	\$0.00	\$774.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank Statement Balance as of		\$2,935,531.03	\$2,467,864.66	\$440,542.76	\$27,123.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



CMG Mortgage Insurance Company
 A Joint Venture between PMI Mortgage Insurance Co. and
 CUNA Mutual Investment Corporation

**Reconciliation of Trust Account
 Atrium Insurance Corporation**

Statement as of Date: 06/30/09 Statement as of Quarter: 2Q09

The Bank of New York Account #:262539

Bank Clearing Date	CMG Transaction Initiated Date	Transaction Type Description	CMG Premium Cession	Capital Contribution	Interest Income	Trust Fees	Premium Tax	Federal Income Tax	Operating Expenses	Lender Dividends	Other Items	Market Value Adjustments
06/30/2009												
Current Bank Balance:		\$2,935,531.03										



CMG Mortgage Insurance Company
 A Joint Venture between PMI Mortgage Insurance Co. and
 CUNA Mutual Investment Corporation

	Currently In Force		Ever In Force		Total Commits		Total Delinquencies		Total Claims	
	Gross	Reinsurer	Gross	Reinsurer	Gross	Reinsurer	Gross	Reinsurer	Gross	Reinsurer
BkYr - 02/01/2006 to 12/31/2006 - RSA 11										
Number of Policies	1,959		2,678		0		180		34	
Original Loan Balance	276,294,048.00	0.00	382,222,828.00	0.00	0.00	0.00	27,473,363.00	0.00	4,416,950.00	0.00
Risk Ever In Force	75,796,200.48	3,031,848.02	103,029,571.32	4,121,182.85	0.00	0.00	7,878,050.85	315,122.03	1,344,028.00	53,761.12
Current Loan Balance	266,204,985.00	0.00	369,107,320.00	0.00	0.00	0.00	26,752,204.00	0.00	4,381,156.00	0.00
Risk Currently In Force	73,073,130.14	2,922,925.21	99,595,254.09	3,983,810.16	0.00	0.00	7,674,996.35	306,999.85	1,333,494.93	53,339.80
Premium to Date	4,726,301.54	1,181,575.39	5,722,296.69	1,430,574.17	0.00	0.00	570,481.59	142,620.40	44,977.58	11,244.40
Ceding Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Premium	5,574.47	1,393.62	5,574.47	1,393.62	0.00	0.00	628.45	157.11	0.00	0.00
Claims - Total Paid	0.00	0.00	1,336,634.64	0.00	0.00	0.00	0.00	0.00	1,336,634.64	0.00
BkYr - 2007 - RSA 12										
Number of Policies	2,364		2,742		0		170		12	
Original Loan Balance	361,591,861.00	0.00	422,680,888.00	0.00	0.00	0.00	28,160,102.00	0.00	1,599,100.00	0.00
Risk Ever In Force	98,841,853.81	3,953,674.15	114,139,985.55	4,565,599.42	0.00	0.00	7,950,809.17	318,032.37	497,322.50	19,892.90
Current Loan Balance	352,718,575.00	0.00	412,549,254.00	0.00	0.00	0.00	27,695,071.00	0.00	1,590,269.00	0.00
Risk Currently In Force	96,480,381.20	3,859,215.25	111,495,813.02	4,459,832.52	0.00	0.00	7,824,250.90	312,970.04	494,611.20	19,784.45
Premium to Date	4,035,120.12	1,008,780.03	4,431,625.89	1,107,906.47	0.00	0.00	375,614.98	93,903.75	7,208.40	1,802.10
Ceding Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Premium	3,897.57	974.39	3,897.57	974.39	0.00	0.00	1,435.93	358.98	0.00	0.00
Claims - Total Paid	0.00	0.00	530,256.02	0.00	0.00	0.00	0.00	0.00	530,256.02	0.00
BkYr - 2008 - RSA 14										
Number of Policies	1,205		1,303		0		21		1	
Original Loan Balance	182,957,747.00	0.00	199,222,293.00	0.00	0.00	0.00	3,078,843.00	0.00	77,503.00	0.00
Risk Ever In Force	44,113,790.88	1,764,551.64	47,772,786.53	1,910,911.46	0.00	0.00	831,698.55	33,267.94	27,126.05	1,085.04
Current Loan Balance	180,130,300.00	0.00	196,190,694.00	0.00	0.00	0.00	3,047,524.00	0.00	77,431.00	0.00
Risk Currently In Force	43,468,887.80	1,738,755.51	47,089,191.73	1,883,567.67	0.00	0.00	823,488.06	32,939.52	27,100.85	1,084.03
Premium to Date	856,019.74	214,004.94	906,689.03	226,672.26	0.00	0.00	20,301.06	5,075.27	104.62	26.16
Ceding Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Premium	2,864.12	716.03	2,864.12	716.03	0.00	0.00	0.00	0.00	0.00	0.00
Claims - Total Paid	0.00	0.00	29,226.56	0.00	0.00	0.00	0.00	0.00	29,226.56	0.00

	Currently In Force		Ever In Force		Total Commits		Total Delinquencies		Total Claims	
	Gross	Reinsurer	Gross	Reinsurer	Gross	Reinsurer	Gross	Reinsurer	Gross	Reinsurer
Total										
Number of Policies	5,528		6,723		0		371		47	
Original Loan Balance	820,843,656.00	0.00	1,004,126,009.00	0.00	0.00	0.00	58,712,308.00	0.00	6,093,553.00	0.00
Risk Ever In Force	218,751,845.17	8,750,073.81	264,942,343.40	10,597,693.73	0.00	0.00	16,660,558.57	666,422.34	1,868,476.55	74,739.06
Current Loan Balance	799,053,860.00	0.00	977,847,268.00	0.00	0.00	0.00	57,494,799.00	0.00	6,048,856.00	0.00
Risk Currently In Force	213,022,399.14	8,520,895.97	258,180,258.84	10,327,210.35	0.00	0.00	16,322,735.31	652,909.41	1,855,206.98	74,208.28
Premium to Date	9,617,441.40	2,404,360.36	11,060,611.61	2,765,152.90	0.00	0.00	966,397.63	241,599.42	52,290.60	13,072.66
Ceding Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Premium	12,336.16	3,084.04	12,336.16	3,084.04	0.00	0.00	2,064.38	516.09	0.00	0.00
Claims - Total Paid	0.00	0.00	1,896,117.22	0.00	0.00	0.00	0.00	0.00	1,896,117.22	0.00

Atrium Insurance Corporation

Contact Name	Job Title	Contact Address
CMG Contact(s)		
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Captive Contact(s)		
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EXHIBIT 36



August 6, 1997

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Mr. Sandor Samuels
General Counsel
Countrywide Funding Corporation
155 N. Lake Avenue
Pasadena, California 91109

Dear Mr. Samuels:

Last year the Department of Housing and Urban Development (the Department) sought from you information on the captive reinsurance program of Amerin Guaranty Corporation (Amerin) with Countrywide Home Loans (Countrywide) and its affiliated reinsurer, Charter Reinsurance (Charter). You then requested that the Department clarify the applicability of Section 8 of the Real Estate Settlement Procedures Act (RESPA) to captive reinsurance programs. For the reasons set forth below, we have concluded that, so long as payments for reinsurance under captive reinsurance arrangements are solely "payment for goods or facilities actually furnished or for services actually performed," these arrangements are permissible under RESPA. See paragraph 8(c)(2) of RESPA, 12 U.S.C. § 2607(c)(2). The following details the facts concerning captive reinsurance programs as we understand them, relevant law, and how the Department will scrutinize these arrangements to determine whether any specific captive reinsurance program is permissible under RESPA.

I. BACKGROUND

A typical captive reinsurance arrangement involves a mortgage lender acting in concert with a fully licensed reinsurance affiliate of the mortgage lender and an unaffiliated primary mortgage insurer. The sole purpose of the reinsurance affiliate is to reinsure loans which the affiliated mortgage lender originates and which the unaffiliated, primary mortgage insurance company insures. The primary mortgage insurer and the reinsurer enter into a contract under which the primary insurer agrees to pay the reinsurer an agreed upon portion of the mortgage insurance premiums for loans originated by the lender and insured by the primary insurer. The lender, therefore, has a financial interest in having the primary insurer in the captive reinsurance program selected to provide the mortgage insurance.

Premiums paid for the reinsurance may be net of an agreed upon "ceding commission," which represents the reinsurer's share of the costs of administering the book of insured business.

Under the contract between the primary insurer and the reinsurer, the reinsurer posts capital and reserves satisfying the laws of the state in which it is chartered and may also establish an additional security fund to ensure that, when a claim against the reinsurer is made, funds will exist to satisfy the claim. In exchange for a portion of mortgage insurance premiums (minus a ceding commission, if applicable) to be paid by the primary insurer, the reinsurer obligates itself to reimburse the primary insurer for an agreed portion of claims that may require payment under the contract. Under different reinsurance arrangements, the reinsurance obligations generally take one of two forms. The first is an "excess loss" arrangement, under which the primary insurer pays, and is solely responsible for, claims arising out of a given book of business up to a predetermined amount, after which the reinsurer is obligated to reimburse the primary insurer's claims up to another predetermined amount. Thereafter, the primary insurer is solely responsible for claims in excess of the reinsurer's tier of losses on a given book. A second type of contract is the "quota share" contract, under which the reinsurer would bear a portion of all insured losses.

Under captive arrangements of which the Department is aware, some degree of disclosure is provided to the consumer about the arrangement and some opportunity is accorded to the consumer to choose whether or not to have the loan insured through a captive reinsurance program.

II. LEGAL ANALYSIS

Subsection 8(a) of RESPA provides that "[n]o person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person." 12 U.S.C. § 2607(a). "Thing of value" is further described in the Department's regulations as including "without limitation, monies, things, discounts, salaries, commissions, fees, duplicate payments of a charge, stock, dividends, distributions of partnership profits, franchise royalties, credits representing monies that may be paid at a

future date, the opportunity to participate in a money-making program...." 24 C.F.R. § 3500.14(d). In addition, subsection 8(b) prohibits the giving or receipt of any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service "other than for services actually performed." 12 U.S.C. § 2607(b). These prohibitions against paying for referrals and against splitting fees are very broad and cover a variety of activities.

Subsection 8(c) of RESPA sets forth various exemptions from these prohibitions. It provides, in relevant part, that nothing in section 8 shall be construed as prohibiting "(2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed." 12 U.S.C. § 2607(c)(2).

The Department's view of captive reinsurance is that the arrangements are permissible under RESPA if the payments to the reinsurer: (1) are for reinsurance services "actually furnished or for services performed" and (2) are bona fide compensation that does not exceed the value of such services.

The rationale behind this two-step analysis is that in instances in which a lender selects the mortgage insurer, including under a captive reinsurance arrangement, the lender's actions would constitute a referral of loans to a mortgage insurer, by influencing the borrower's selection of his or her mortgage insurer. See 24 C.F.R. § 3500.14(f) (definition of "referral"). If the lender or its reinsurance affiliate is merely given a thing of value by the primary insurer in return for this referral, in monies or the opportunity to participate in a money-making program, then section 8 would be violated; the payment would be regarded as payment for the referral of business or a split of fees for settlement services. If, however, the lender's reinsurance affiliate actually performs reinsurance services and compensation from the primary insurer is bona fide and does not exceed the value of the reinsurance, then such payments would be permissible under subsection 8(c). Conversely, any captive reinsurance arrangement in which reinsurance services are not actually performed or in which the payments to the reinsurer are not bona fide and exceed the value of the reinsurance would violate section 8 as an impermissible referral fee.

A. Analysis of Specific Captive Reinsurance Arrangements

The Department will analyze captive reinsurance arrangements to determine if the arrangements comply with RESPA. Factors which may cause the Department to give particular scrutiny to an arrangement and cause it to apply the test set forth in Part II(B) of this analysis include, but are not limited to, the following:

1. The amount charged directly or indirectly to the consumer for mortgage insurance in a captive program is greater than the amount charged to the consumer for mortgage insurance not involving reinsurance for a similar risk.
2. The costs (premiums minus a ceding commission, if applicable) paid to the captive reinsurer are greater than the cost for comparable non-captive reinsurance available in the market.
3. The lender restricts its mortgage insurance business in whole or to a large extent to a primary mortgage insurer that has a reinsurance agreement with the lender's captive reinsurer.
4. Any major secondary market institution refuses to purchase mortgages insured under a particular captive reinsurance agreement or places special conditions on such purchases.
5. Any credit rating agency reduces the rating of the primary mortgage insurer in whole or in part because of agreements with captive reinsurers.
6. Any State regulatory body questions the adequacy of the reserves maintained by the primary mortgage insurer or the captive reinsurer.
7. The primary insurer's agreement to reinsure is conditioned on the affiliated lender's agreement to refer all of or a predetermined volume of its mortgage insurance business to the primary insurer, or the terms of the agreement (such as the percentage of the premium per loan reinsured that is paid to the reinsurer by the primary insurer) fluctuate depending on the volume of the primary insurance business referred by the lender to the primary insurer. The presence of either of these conditions makes it more likely that at least a portion of the compensation paid to the reinsurer is for the referral of mortgage insurance business.

8. Adequate consumer disclosure is not provided. The Department believes that consumers would be well served by a meaningful disclosure¹ and a meaningful choice² for consumers about having their loans included in a captive reinsurance program. A demonstrated willingness to provide such a disclosure may indicate that the arrangement is designed to provide real reinsurance.

The Department does not consider any of these eight factors to be determinative of whether an arrangement merits scrutiny by the Department, nor does it regard the absence of any of these factors to be determinative that further scrutiny is not merited. In addition, as noted in Part II(B), the Department may consider these eight factors in applying the test in Part II(B), to the extent applicable.

B. Test for Whether a Captive Reinsurance Arrangement Violates RESPA

Where the Department scrutinizes a captive reinsurance arrangement, it will apply a two-part test for determining whether the arrangement violates RESPA. The Department will first determine whether the reinsurance arrangement meets three requirements that establish that reinsurance is actually being provided in return for the compensation. If one or more of the requirements is not met, the inquiry will end, and the arrangement will be regarded as an impermissible captive reinsurance arrangement under RESPA. If all of the requirements are met, the Department will determine whether the compensation exceeds the value of the reinsurance. To facilitate its analysis, the Department may use information obtained from the lender, the primary insurer, the captive reinsurer, or other sources, including data on the rate, magnitude, and timing of default losses and mortgage insurance payments and any other

¹ A meaningful disclosure would reveal that the captive reinsurance arrangement exists, that the lender stands to gain financially under the arrangement, and that the consumer may choose not to have his or her insurance provided by an insurer in such an arrangement.

² A meaningful choice whether to participate would provide the consumer an easy, non-burdensome opportunity to opt out by, for example, indicating a preference one way or the other on a form.

information necessary to undertake the analysis and may exercise its subpoena authority pursuant to 24 C.F.R. part 3800 to obtain such information.

1. Determining that Reinsurance is Actually Being Provided in Return for the Compensation

To determine that a real service--reinsurance--is performed by the reinsurer for which it may legally be compensated, the following requirements must be satisfied:

a. There must be a legally binding contract for reinsurance with terms and conditions conforming to industry standards.

b. The reinsurer must post capital and reserves satisfying the laws of the state in which it is chartered and the reinsurance contract between the primary insurer and the reinsurer must provide for the establishment of adequate reserves to ensure that, when a claim against the reinsurer is made, funds will exist to satisfy the claim. Unless the reinsurer is adequately capitalized and adequate reserves (which may include letters of credit or guarantee arrangements) and funds are available to pay claims, real services are not being provided.

c. There must be a real transfer of risk. The reinsurance transaction cannot be a sham under which premium payments (minus a ceding commission, if applicable) are given to the reinsurer even though there is no reasonable expectation that the reinsurer will ever have to pay claims. This requirement for a real transfer of risk would clearly be satisfied by a quota share arrangement, under which the reinsurer is bound to participate pro rata in every claim. The requirement could also be met by excess loss arrangements, if the band of the reinsurer's potential exposure is such that a reasonable business justification would motivate a decision to reinsure that band. Unless there is a real transfer of risk, no real reinsurance services are actually being provided. In either case, the premiums paid (minus a ceding commission, if applicable) must be commensurate to the risk, as discussed in Part II(B)(2).

In evaluating these requirements, the Department may also consider the factors in Part II(A), to the extent relevant. If any of the requirements in this Part II(B)(1) is not met, the arrangement will be regarded as an impermissible reinsurance arrangement under RESPA. If any of the requirements is not met, the "service" being compensated would appear to be the lender's referral of business to the mortgage insurer, which RESPA prohibits.

2. Determining that the Compensation Paid for Reinsurance Does Not Exceed the Value of the Reinsurance

If the requirements in Part II(B)(1) for determining that reinsurance is actually being provided in return for the compensation are met, the Department will then determine whether the compensation paid for reinsurance does not exceed the value of the reinsurance. The Department will evaluate whether the compensation is commensurate with the risk and, where warranted, administrative costs. The Department's evaluation of this requirement may:

-- Compare, using relevant mathematical models, the risk borne by the captive reinsurer with the payments provided by the primary insurer.

-- Analyze the likelihood of losses occurring, the magnitude and volatility of possible losses, the amount of payments received, the timing of the payments and potential losses, current market discount rates, and other relevant factors.

-- Take into account the relative risk exposure of the primary lender and the captive reinsurer.

-- Consider the extent to which the lender or the firm controlling the captive reinsurer is shielded from potential losses by inadequate reserves and a corporate structure that segregates risks.

-- Examine other financial transactions between the lender, primary insurer, and captive reinsurer to determine whether they are related to the reinsurance agreement.

-- Examine whether the ceding commission is commensurate with the administrative costs assumed by the primary insurer.

In making this evaluation, the Department may also consider the factors in Part II(A), to the extent relevant. If the Department concludes that the compensation paid for the reinsurance exceeds the value of the reinsurance pursuant to the analysis in this Part II(B)(2), the arrangement will be regarded as an impermissible reinsurance arrangement under RESPA and the payments exceeding the value of the reinsurance will be considered a referral fee or unearned fee.

III. CONCLUSION

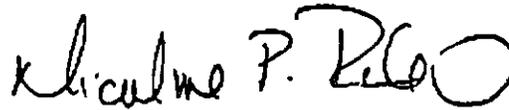
In setting forth this analysis, the Department notes the trend in the mortgage market toward increased diversification of risk. The Department welcomes such trends to the extent that

such arrangements increase the availability of mortgage credit. Where RESPA would not preclude such arrangements, the Department would generally support them.

The Department believes the system of mortgage insurance and reinsurance is not necessarily comparable to other types of settlement services. Thus, the Department could analyze other settlement service programs differently, depending on the facts of the particular program.

I trust that this guidance will assist you to conduct your business in accordance with RESPA.

Sincerely,

A handwritten signature in black ink, appearing to read "Nicolas P. Retsinas". The signature is fluid and cursive, with a large loop at the end.

Nicolas P. Retsinas
Assistant Secretary for
Housing-Federal Housing
Commissioner

cc: Mr. Randolph C. Sailer II
Senior Vice President and General Counsel
Amerin Guaranty Corporation
200 East Randolph Drive, 49th Floor
Chicago, IL 60601-7125

EXHIBIT 37

Message

From: Rosenthal, Sam (MBS) [Sam.Rosenthal@mortgagefamily.com]
Sent: 1/10/2007 5:54:33 PM
To: walkerdt@ugcorp.com; nnichole@ugcorp.com
CC: Kinkler, Fred (MBS) [Fred.Kinkler@mortgagefamily.com]
Subject: FW: FW: Estimated Atrium Trust Values as of December 31, 2006
Attachments: Jan 2007 Estimate of Capital Release.xls

Hi guys - I would like to talk to you later today when you have time on the release of capital from Atrium. We would like you to pursue releasing the \$44mm that we discussed earlier this week. I am sure that there will be contract modifications required to accomplish this. Are you going to take the lead at drafting them after you get this capital release approved?

Thanks! I look forward to talking to you later.

Sam
856-917-0182

-----Original Message-----

From: walkerdt@ugcorp.com [<mailto:walkerdt@ugcorp.com>]
Sent: Monday, January 08, 2007 9:34 AM
To: Rosenthal, Sam (MBS)
Cc: nnichole@ugcorp.com
Subject: Re: FW: Estimated Atrium Trust Values as of December 31, 2006

Hi Sam. You touch on a very curious subject, one whose resolution I am always overlooking and finding myself corrected by our accountants.

The contingency reserve is a statutory requirement and it is based on calendar year premiums. So if loans from book year 1994 produced ceded earned premium in calendar year 2004, then there is some calendar year 2004 ceded contingency reserve associated with book year 1994. This piece of the calendar year 2004 contingency reserve must remain on Atrium's books until 2014, even though book year 1994 may be totally expired.

The original MI enabling laws in Wisconsin and other states were written with full knowledge of this effect -- the idea was to slow down the distribution of dividends from older books in order to allow capital reserves to be maintained at high levels in the event newer books produced defaults. This forces cross-collateralization of books of business.

So while we agree with you that there is little or no remaining risk on these older books -- and we have agreed to reduce the 20% required capital to zero -- we have to maintain the contingency reserves regardless. Atrium probably needs to keep these reserves anyway on a net basis with New York. We agree the contingency reserve for expired books seems unnecessary and redundant except for the cross-collateralization intent of the original MI enabling legislation.

We do calculate the contingency reserves for Book Years 1993-1996 in a way such that any contingency reserves set up in calendar years 1993 -1996 is released in 2006.

Sam, we can set up a call with our accountants and legal people if you wish on this topic.

Dan Walker
Senior Vice President, Structured Products
AIG United Guaranty
800-334-8966 ext 0270

"Rosenthal, Sam
\(MBS)"
<Sam.Rosenthal@mo To
rtgagefamily.com> <walkerdt@ugcorp.com>,
<nnichole@ugcorp.com>
01/08/2007 07:48 cc
AM
Subject
FW: Estimated Atrium Trust Values
as of December 31, 2006

Hi gentlemen - let's talk this morning. I think that I can get on this page as our recommendation. I appreciate the creativity and willingness to work on this.

I believe that we might be able to go a bit further than you suggested. It is my understanding that Book Years 1996, 1995, 1994-1993 are finished. Thus, I don't think that we are obligated to hold any capital against them. It is no longer our risk - we are no longer receiving any premiums, Atrium is out of the transaction entirely.

Thus, I believe that the contingency reserve for these years should go to zero. If this is the case, then I calculate that we can receive 52,734,498.50 of capital back, as opposed to the \$44.9mm that your team calculated.

Take a peek at the page called "test". Let me know if you agree. If yes, I would like to present this page to the powers that be at Atrium and convince them that this is a good plan. (I realize that you still have to get this approved internally).

Give me a call, I am here all day and look forward to discussing this with you.

Thanks.
Sam
856-917-0182

-----Original Message-----
From: walkerdt@ugcorp.com [mailto:walkerdt@ugcorp.com]
Sent: Thursday, January 04, 2007 9:14 AM
To: Rosenthal, Sam (MBS)

Cc: nnichole@ugcorp.com

Subject: Estimated Atrium Trust Values as of December 31, 2006

Sam,

Attached is a spreadsheet showing estimated accounts for Atrium as of 12/31/2006 relevant to the required trust balances.

If UGRIC and Atrium agreed to an amendment of the capital required for the 2001 and prior books to equal just the required contingency reserves of those books on an ongoing basis, then the capital required as of 12-31-2006 would be reduced by our estimate by about \$44.9 million as shown in the attached spreadsheet. This \$44.9 million would be the potential release from the trusts.

I believe this to be a comparable number to the \$34 million we discussed in December, but updated to reflect the estimated 4th quarter accounts for Atrium.

I do not believe a commutation would be necessary -- just an amendment of the required capital -- although we are still investigating how the GSE's MI Eligibility requirements for captive capital might impact us here.

This would require approval, of course, of senior management and risk committee oversight at UGC and probably with your firm as well.

(See attached file: Jan 2007 Estimate of Capital Release.xls)

Dan Walker
Senior Vice President, Structured Products
AIG United Guaranty
800-334-8966 ext 0270

This communication from United Guaranty Corporation or its subsidiary is directed to and is for the use of the individual or entity to which it is addressed. It may contain information that is confidential and exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any distribution, dissemination, or copy of this communication is strictly prohibited. If you have received this communication in error, please contact the sender immediately, and then delete or

destroy the material in its entirety.

(See attached file: Jan 2007 Estimate of Capital Release.xls)

EXHIBIT 38

Model Regulation Service—July 2000

MORTGAGE GUARANTY INSURANCE MODEL ACT**Table of Contents**

Section 1.	Title
Section 2.	Definitions
Section 3.	Capital and Surplus
Section 4.	Insurer's Authority to Transact Business
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Section 7.	Investment Limitation
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Section 9.	Mortgage Guaranty Insurance as Monoline
Section 10.	Underwriting Discrimination
Section 11.	Policy Forms and Premium Rates Filed
Section 12.	Outstanding Total Liability
Section 13.	Rebates, Commissions and Charges
Section 14.	Compensating Balances Prohibited
Section 15.	Conflict of Interest
Section 16.	Reserves
Section 17.	Regulations

Section 1. Title

This Act may be cited as the Mortgage Guaranty Insurance Act.

Section 2. Definitions

The definitions set forth in this Act shall govern the construction of the terms used in this Act but shall not affect any other provisions of the code.

- A. "Authorized real estate security," for the purpose of this Act, means an amortized note, bond or other evidence of indebtedness, not exceeding ninety-five percent (95%) of the fair market value of the real estate, secured by a mortgage, deed of trust, or other instrument that constitutes, or is equivalent to, a first lien or charge on real estate; provided:
- (1) The real estate loan secured in this manner is one of a type that a bank, savings and loan association, or an insurance company, which is supervised and regulated by a department of this state or an agency of the federal government, is authorized to make, or would be authorized to make, disregarding any requirement applicable to such an institution that the amount of the loan not exceed a certain percentage of the value of the real estate;
 - (2) The improvement on the real estate is a building or buildings designed for occupancy as specified by Subsections A(1) and A(2) of this section; and
 - (3) The lien on the real estate may be subject to and subordinate to the following:
 - (a) The lien of any public bond, assessment or tax, when no installment, call or payment of or under the bond, assessment or tax is delinquent; and

Mortgage Guaranty Insurance Model Act

- (b) Outstanding mineral, oil, water or timber rights, rights-of-way, easements or rights-of-way of support, sewer rights, building restrictions or other restrictions or covenants, conditions or regulations of use, or outstanding leases upon the real property under which rents or profits are reserved to the owner thereof.
- B. “Contingency reserve” means an additional premium reserve established to protect policyholders against the effect of adverse economic cycles.
- C. “Mortgage guaranty insurance” is:
 - (1) Insurance against financial loss by reason of nonpayment of principal, interest or other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting a lien or charge on real estate, provided the improvement on the real estate is a residential building or a condominium unit or buildings designed for occupancy by not more than four families;
 - (2) Insurance against financial loss by reason of nonpayment of principal, interest or other sums agreed to be paid under the terms of any note or bond or other evidence of indebtedness secured by a mortgage, deed of trust, or other instrument constituting a lien or charge on real estate, providing the improvement on the real estate is a building or buildings designed for occupancy by five (5) or more families or designed to be occupied for industrial or commercial purposes; and
 - (3) Insurance against financial loss by reason of nonpayment of rent or other sums agreed to be paid under the terms of a written lease for the possession, use or occupancy of real estate, provided the improvement on the real estate is a building or buildings designed to be occupied for industrial or commercial purposes.

Section 3. Capital and Surplus

A mortgage guaranty insurance company shall not transact the business of mortgage guaranty insurance unless, if a stock insurance company, it has paid-in capital of at least \$1,000,000 and paid-in surplus of at least \$1,000,000, or if a mutual insurance company, a minimum initial surplus of \$2,000,000. A stock company or a mutual company shall at all times thereafter maintain a minimum policyholders’ surplus of at least \$1,500,000.

Section 4. Insurer’s Authority to Transact Business

No mortgage guaranty insurance company may issue policies until it has obtained from the commissioner of insurance a certificate setting forth that fact and authorizing it to issue policies.

Section 5. Geographic Concentration

- A. A mortgage guaranty insurance company shall not insure loans secured by a single risk in excess of ten percent (10%) of the company’s aggregate capital, surplus and contingency reserve.

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- B. No mortgage guaranty insurance company shall have more than twenty percent (20%) of its total insurance in force in any one Standard Metropolitan Statistical Area (SMSA), as defined by the United States Department of Commerce.
- C. The provisions of this section shall not apply to a mortgage guaranty insurance company until it has possessed a certificate of authority in this state for three (3) years.

Section 6. Advertising

No mortgage guaranty insurance company or an agent or representative of a mortgage guaranty insurance company shall prepare or distribute or assist in preparing or distributing any brochure, pamphlet, report or any form of advertising to the effect that the real estate investments of any financial institution are “insured investments,” unless the brochure, pamphlet, report or advertising clearly states that the loans are insured by mortgage guaranty insurance companies possessing a certificate of authority to transact mortgage guaranty insurance in this state or are insured by an agency of the federal government, as the case may be.

Section 7. Investment Limitation

A mortgage guaranty insurance company shall not invest in notes or other evidences of indebtedness secured by mortgage or other lien upon real property. This section shall not apply to obligations secured by real property, or contracts for the sale of real property, which obligations or contracts of sale are acquired in the course of the good faith settlement of claims under policies of insurance issued by the mortgage guaranty insurance company, or in the good faith disposition of real property so acquired.

Section 8. Coverage Limitation

A mortgage guaranty insurance company shall limit its coverage net of reinsurance ceded to a reinsurer in which the company has no interest to a maximum of twenty-five percent (25%) of the entire indebtedness to the insured or in lieu thereof, a mortgage guaranty insurance company may elect to pay the entire indebtedness to the insured and acquire title to the authorized real estate security.

Section 9. Mortgage Guaranty Insurance as Monoline

- A. A mortgage guaranty insurance company that anywhere transacts any class of insurance other than mortgage guaranty insurance is not eligible for the issuance of a certificate of authority to transact mortgage guaranty insurance in this state nor for the renewal thereof.
- B. A mortgage guaranty insurance company that anywhere transacts the classes of insurance defined in Section 2A(2) or 2A(3) is not eligible for a certificate of authority to transact in this state the class of mortgage guaranty insurance defined in Section 2A(1). However, a mortgage guarantee insurance company that transacts a class of insurance defined in Section 2A may write up to five percent (5%) of its insurance in force on residential property designed for occupancy by five (5) or more families.

Mortgage Guaranty Insurance Model Act

Section 10. Underwriting Discrimination

- A. Nothing in this chapter shall be construed as limiting the right of a mortgage guaranty insurance company to impose reasonable requirements upon the lender with regard to the terms of a note or bond or other evidence of indebtedness secured by a mortgage or deed of trust, such as requiring a stipulated down payment by the borrower.
- B. No mortgage guaranty insurance company may discriminate in the issuance or extension of mortgage guaranty insurance on the basis of the applicant's sex, marital status, race, color, creed or national origin.
- C. No policy of mortgage guaranty insurance, excluding policies of reinsurance, shall be written unless and until the insurer has conducted a reasonable and thorough examination of the evidence supporting credit worthiness of the borrower and the appraisal report reflecting market evaluation of the property and has determined that prudent underwriting standards have been met.

Section 11. Policy Forms and Premium Rates Filed

- A. All policy forms and endorsements shall be filed with and be subject to the approval of the commissioner. With respect to owner-occupied, single-family dwellings, the mortgage guaranty insurance policy shall provide that the borrower shall not be liable to the insurance company for any deficiency arising from a foreclosure sale.
- B. In addition, each mortgage guaranty insurance company shall file with the department the rate to be charged and the premium including all modifications of rates and premiums to be paid by the policyholder.
- C. Every mortgage guaranty insurance company shall adopt, print and make available a schedule of premium charges for mortgage guaranty insurance policies. Premium charges made in conformity with the provisions of this Act shall not be deemed to be interest or other charges under any other provision of law limiting interest or other charges in connection with mortgage loans. The schedule shall show the entire amount of premium charge for each type of mortgage guaranty insurance policy issued by the insurance company.

NOTE: Open rating states may delete a portion or all of this provision and insert their own rating law.

Section 12. Outstanding Total Liability

A mortgage guaranty insurance company shall not at any time have outstanding a total liability, net of reinsurance, under its aggregate mortgage guaranty insurance policies exceeding twenty-five (25) times its capital, surplus and contingency reserve. In the event that any mortgage guaranty insurance company has outstanding total liability exceeding twenty-five (25) times its capital, surplus and contingency reserve, it shall cease transacting new mortgage guaranty business until such time as its total liability no longer exceeds twenty-five (25) times its capital, surplus and contingency reserve. Total outstanding liability shall be calculated on a consolidated basis for all mortgage guarantee insurance companies that are part of a holding company system.

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Section 13. Rebates, Commissions and Charges

- A. A mortgage guaranty insurance company shall not pay or cause to be paid either directly or indirectly, to any owner, purchaser, lessor, lessee, mortgagee or prospective mortgagee of the real property that secures the authorized real estate security or that is the fee of an insured lease, or any interest therein, or to any person who is acting as an agent, representative, attorney or employee of such owner, purchaser or mortgagee, any commission, or any part of its premium charges or any other consideration as an inducement for or as compensation on any mortgage guaranty insurance business.
- B. In connection with the placement of any mortgage guaranty insurance, a mortgage guaranty insurance company shall not cause or permit any commission, fee, remuneration or other compensation to be paid to, or received by an insured lender or lessor; any subsidiary or affiliate of an insured; an officer, director or employee of an insured or any member of their immediate family; a corporation, partnership, trust, trade association in which an insured is a member, or other entity in which an insured or an officer, director or employee or any member of their immediate family has a financial interest; or any designee, trustee, nominee or other agent or representative of any of the foregoing.
- C. No mortgage guaranty insurance company shall make a rebate of any portion of the premium charge shown by the schedule required by Section 11C. No mortgage guaranty insurance company shall quote any rate or premium charge to a person that is different than that currently available to others for the same type of coverage. The amount by which a premium charge is less than that called for by the current schedule of premium charges is an unlawful rebate.
- D. The commissioner may, after notice and hearing, suspend or revoke the certificate of authority of a mortgage guaranty insurance company, or in his or her discretion, issue a cease and desist order to a mortgage guaranty insurance company that pays a commission or makes an unlawful rebate in willful violation of the provisions of this Act. In the event of the issuance of a cease and desist order, the commissioner may, after notice and hearing, suspend or revoke the certificate of authority of a mortgage guaranty insurance company that does not comply with the terms thereof.

Section 14. Compensating Balances Prohibited

Except for commercial checking accounts and normal deposits in support of an active bank line of credit, a mortgage guaranty insurance company, holding company or any affiliate thereof is prohibited from maintaining funds on deposit with the lender for which the mortgage guaranty insurance company has insured loans. Any deposit account bearing interest at rates less than what is currently being paid other depositors on similar deposits or any deposit in excess of amounts insured by an agency of the federal government shall be presumed to be an account in violation of this section. Furthermore, a mortgage guaranty insurance company shall not use compensating balances, special deposit accounts or engage in any practice that unduly delays its receipt of monies due or that involves the use of its financial resources for the benefit of any owner, mortgagee of the real property or any interest therein or any person who is acting as agent, representative, attorney or employee of the owner, purchaser or mortgagee as a means of circumventing any part of this section.

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Section 15. Conflict of Interest

- A. If a member of a holding company system, a mortgage guaranty insurance company licensed to transact business in this state shall not, as a condition of its certificate of authority, knowingly underwrite mortgage guaranty insurance on mortgages originated by the holding company system or an affiliate or on mortgages originated by any mortgage lender to which credit is extended, directly or indirectly, by the holding company system or an affiliate.
- B. A mortgage guaranty insurance company, the holding company system of which it is a part, or any affiliate shall not as a condition of the mortgage guaranty insurance company's certificate of authority, pay any commissions, remuneration, rebates or engage in activities proscribed in Sections 13 and 14.

Section 16. Reserves**A. Unearned Premium Reserves**

A mortgage guaranty insurance company shall compute and maintain an unearned premium reserve as set forth by regulation adopted by the commissioner of insurance.

B. Loss Reserve

A mortgage guaranty insurance company shall compute and maintain adequate case basis and other loss reserves that accurately reflect loss frequency and loss severity and shall include components for claims reported and for claims incurred but not reported, including estimated losses on:

- (1) Insured loans that have resulted in the conveyance of property that remains unsold;
- (2) Insured loans in the process of foreclosure;
- (3) Insured loans in default for four (4) months or for any lesser period that is defined as default for such purposes in the policy provisions; and
- (4) Insured leases in default for four (4) months or for any lesser period that is defined as default for such purposes in policy provisions.

C. Contingency Reserve

Each mortgage guaranty insurance company shall establish a contingency reserve out of net premium remaining (gross premiums less premiums returned to policyholders net of reinsurance) after establishment of the unearned premium reserve. The mortgage guaranty insurance company shall contribute to the contingency reserve an amount equal to fifty percent (50%) of the remaining unearned premiums. Contributions to the contingency reserve made during each calendar year shall be maintained for a period of 120 months, except that withdrawals may be made by the company in any year in which the actual incurred losses exceed thirty-five percent (35%) of the corresponding earned premiums, and no releases shall be made without prior approval by the commissioner of insurance of the insurance company's state of domicile.

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If the coverage provided in this Act exceeds the limitations set forth herein, the commissioner of insurance shall establish a rate formula factor that will produce a contingency reserve adequate for the added risk assumed. The face amount of an insured mortgage shall be computed before any reduction by the mortgage guaranty insurance company's election to limit its coverage to a portion of the entire indebtedness.

D. Reinsurance

Whenever a mortgage guaranty insurance company obtains reinsurance from an insurance company that is properly licensed to provide reinsurance or from an appropriate governmental agency, the mortgage guaranty insurer and the reinsurer shall establish and maintain the reserves required in this Act in appropriate proportions in relation to the risk retained by the original insurer and ceded to the assuming reinsurer so that the total reserves established shall not be less than the reserves required by this Act.

E. Miscellaneous

- (1) Whenever the laws of any other jurisdiction in which a mortgage guaranty insurance company subject to the requirement of this Act is also licensed to transact mortgage guaranty insurance require a larger unearned premium reserve or contingency reserve in the aggregate than that set forth herein, the establishment of the larger unearned premium reserve or contingency reserve in the aggregate shall be deemed to be in compliance with this Act.
- (2) Unearned premium reserves and contingency reserves shall be computed and maintained on risks insured after the effective date of this Act as required by Subsections A and C. Unearned premium reserves and contingency reserves on risks insured before the effective date of this Act may be computed and maintained as required previously.

Section 17. Regulations

The commissioner shall have the authority to promulgate rules and regulations deemed necessary to effectively implement the requirements of this Act.

Chronological Summary of Actions (all references are to the Proceedings of the NAIC).

1976 Proc. II 15, 17, 647, 686, 747-753 (adopted).

1979 Proc. I 44, 47-48, 49, 719, 968-969 (corrected).

Mortgage Guaranty Insurance Model Act

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Not for Reprint

Model Regulation Service—July 2013

MORTGAGE GUARANTY INSURANCE MODEL ACT

These charts are intended to provide the readers with additional information to more easily access state statutes, regulations, bulletins or administrative rulings which are related to the NAIC model. Such guidance provides the reader with a starting point from which they may review how each state has addressed the model and the topic being covered. The NAIC Legal Division has reviewed each state's activity in this area and has made an interpretation of adoption or related state activity based on the definitions listed below. The NAIC's interpretation may or may not be shared by the individual states or by interested readers.

This state page does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Every effort has been made to provide correct and accurate summaries to assist the reader in targeting useful information. For further details, the laws cited should be consulted. The NAIC attempts to provide current information; however, due to the timing of our publication production, the information provided may not reflect the most up to date status. Therefore, readers should consult state law for additional adoptions and subsequent bill status.

Model Regulation Service—July 2013

MORTGAGE GUARANTY INSURANCE MODEL ACT

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Not for Reprint

Model Regulation Service—July 2013

MORTGAGE GUARANTY INSURANCE MODEL ACT**KEY:**

MODEL ADOPTION: States that have citations identified in this column adopted the most recent version of the NAIC model in a **substantially similar manner**. This requires states to adopt the model in its entirety but does allow for variations in style and format. States that have adopted portions of the current NAIC model will be included in this column with an explanatory note.

RELATED STATE ACTIVITY: States that have citations identified in this column have **not** adopted the most recent version of the NAIC model in a substantially similar manner. Examples of Related State Activity include but are not limited to: An older version of the NAIC model, legislation or regulation derived from other sources such as Bulletins and Administrative Rulings.

NO CURRENT ACTIVITY: No state activity on the topic as of the date of the most recent update. This includes states that have repealed legislation as well as states that have never adopted legislation.

NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Alabama		ALA. ADMIN. CODE r. 482-1-043.01 to 482-1-043.10 (2008).
Alaska		ALASKA STAT. § 21.12.110 (1976) (Mortgage Guaranty Insurance defined).
American Samoa	NO CURRENT ACTIVITY	
Arizona	ARIZ. REV. STAT. ANN. §§ 20-1541 to 20-1559 (1977/2010).	
Arkansas	NO CURRENT ACTIVITY	
California	CAL. INS. CODE §§ 12640.01 to 12640.18 (1961/2012).	
Colorado	NO CURRENT ACTIVITY	
Connecticut	NO CURRENT ACTIVITY	
Delaware	NO CURRENT ACTIVITY	
District of Columbia	NO CURRENT ACTIVITY	
Florida		FLA. STAT. 635.011 to 635.091 (1983/2010); FLA. ADMIN. CODE ANN. r. 690-185.001 to 690-185.007 (1974/2013).

Model Regulation Service—July 2013

MORTGAGE GUARANTY INSURANCE MODEL ACT

NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Georgia	NO CURRENT ACTIVITY	
Guam	NO CURRENT ACTIVITY	
Hawaii	NO CURRENT ACTIVITY	
Idaho	IDAHO CODE ANN. §§ 41-2650 to 41-2656 (1972/2010) (portions of model).	
Illinois	ILL. ADMIN. CODE tit. 50, §§ 202.10 to 202.60 (1982/2000).	
Indiana	NO CURRENT ACTIVITY	
Iowa		IOWA CODE §§ 515C.1 to 515C.11 (1963/2010).
Kansas	KAN. STAT. ANN. §§ 40-3501 to 40-3521 (1977/2012).	
Kentucky		KY. REV. STAT. ANN. §§ 304.23-010 to 304.23-040 (1970).
Louisiana	NO CURRENT ACTIVITY	
Maine	NO CURRENT ACTIVITY	
Maryland	NO CURRENT ACTIVITY	
Massachusetts	NO CURRENT ACTIVITY	
Michigan	NO CURRENT ACTIVITY	
Minnesota	NO CURRENT ACTIVITY	
Mississippi	NO CURRENT ACTIVITY	
Missouri	MO. CODE REGS. ANN. tit. 20, §§ 500-10.100 to 500-10.400 (1996/2003).	
Montana	NO CURRENT ACTIVITY	

Model Regulation Service—July 2013

MORTGAGE GUARANTY INSURANCE MODEL ACT

NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Nebraska	NO CURRENT ACTIVITY	
Nevada	NO CURRENT ACTIVITY	
New Hampshire	NO CURRENT ACTIVITY	
New Jersey	N.J. STAT. ANN. §§ 17:46A-1 to 17:46A-11 (1968/2004).	
New Mexico	NO CURRENT ACTIVITY	
New York		N.Y. INS. LAW §§ 6501 to 6507 (1984/2003).
North Carolina		N.C. GEN. STAT. §§ 58-10-120 to 58-10-135 (2001/2009); 11 N.C. ADMIN. CODE §§ 11.0401 to 11.0406 (1978).
North Dakota	NO CURRENT ACTIVITY	
Northern Marianas	NO CURRENT ACTIVITY	
Ohio	OHIO ADMIN. CODE 3901:1-13 (1978/2007).	
Oklahoma	NO CURRENT ACTIVITY	
Oregon		OR. REV. STAT. §§ 743.705 to 743.708 (1969/1973).
Pennsylvania	NO CURRENT ACTIVITY	
Puerto Rico		P.R. LAWS ANN. tit. 26, §§ 2301 to 2307 (1976).
Rhode Island	NO CURRENT ACTIVITY	
South Carolina	NO CURRENT ACTIVITY	
South Dakota	NO CURRENT ACTIVITY	
Tennessee	NO CURRENT ACTIVITY	

Model Regulation Service—July 2013

MORTGAGE GUARANTY INSURANCE MODEL ACT

NAIC MEMBER	MODEL ADOPTION	RELATED STATE ACTIVITY
Texas		TEX. INS. CODE ANN. § 21.50 (1971/1997).
Utah	NO CURRENT ACTIVITY	
Vermont		VT. STAT. ANN. tit. 55, § 66.3 (2010).
Virgin Islands	NO CURRENT ACTIVITY	
Virginia	NO CURRENT ACTIVITY	
Washington	NO CURRENT ACTIVITY	
West Virginia	NO CURRENT ACTIVITY	
Wisconsin		WIS. ADMIN. CODE INS. § 3.09 (1957/2000).
Wyoming	NO CURRENT ACTIVITY	

Model Regulation Service—April 2011

MORTGAGE GUARANTY INSURANCE MODEL ACT**Legislative History**Cited to the Proceeding of the NAIC

A special task force was appointed by the Subcommittee on Essential Insurance to look at a number of issues related to mortgage guaranty insurance. The areas of concern into which the task force should make inquiry included: rating, underwriting, reinsurance, contingency reserves, unearned premium reserves, losses and loss adjustment reserves, agents' licensing, admission requirements, multiple line or monoline, and conflict of interest. **1975 Proc. I 866.**

The goal of the committee was to develop a model law and regulation by December of 1975. A trade association offered to provide each commissioner with a copy of a study on private mortgage insurance sponsored by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The study assessed the mortgage insurance industry's financial strength, competitive position and procedures, investment policies, accounting techniques and underwriting practices. **1975 Proc. II 477-478.**

The drafters concluded that the scope of the proposed model bill should be broad enough to contain all pertinent and required regulatory provisions yet concise enough to constitute enabling legislation to be implemented by regulations or directives in those jurisdictions where needed. As they drafted the model act, the task force still felt it was important to also develop a regulation to implement the model act. **1976 Proc. I 625.**

Section 1. Title**Section 2. Definitions**

A. The exposure draft contained definitions for residential mortgage guaranty insurance, commercial mortgage guaranty insurance and lease guaranty insurance, instead of the single consolidated definition adopted. **1976 Proc. I 626.**

Section 3. Capital and Surplus

The exposure draft suggested a minimum surplus to be maintained of \$500,000 for a stock company and \$1,500,000 for a mutual company. These figures were changed before final adoption. **1976 Proc. I 627.**

Section 4. Insurer's Authority to Transact Business**Section 5. Geographic Concentration**

The exposure draft contained a limitation on insuring loans in a single or contiguous housing or commercial tract in excess of ten percent of the company's assets. **1976 Proc. I 627.**

In 1978 the Executive Committee noted that the NAIC *Proceedings* incorrectly contained an early version of the model rather than the one adopted. **1979 Proc. I 49.** One of the errors corrected was to replace the contiguous tract language with a more exact definition from the United States Department of Commerce. **1979 Proc. I 968.**

Model Regulation Service—April 2011

MORTGAGE GUARANTY INSURANCE MODEL ACT

Legislative History

Cited to the Proceeding of the NAIC

Section 6. Advertising

Section 7. Investment Limitation

Section 8. Coverage Limitation

Section 9. Mortgage Guaranty Insurance as Monoline

The exposure draft of the model contained only the first paragraph. When the definitions were revised, a second paragraph was added which contained the first part of Subsection B. **1976 Proc. I 628.**

After adoption the draft was corrected to show it should also have included the second part of Subsection B. **1979 Proc. I 968.**

Section 10. Underwriting Discrimination

C. Subsection C was added to the draft after comments on the exposure draft were received. **1976 Proc. I 628.**

Section 11. Policy Forms and Premium Rates Filed

C. A drafting note was added when the draft was corrected to clarify the application of Subsection C. **1979 Proc. I 968.**

Section 12. Outstanding Total Liability

One of the corrections made in 1978 was to show the model should have contained the last sentence of this section which had been omitted. **1979 Proc. I 968.**

Section 13. Rebates, Commissions and Charges

D. The last sentence of Subsection D did not appear in the exposure draft, but was added after comments were received by the task force. **1976 Proc. I 628.**

Section 14. Compensating Balances Prohibited

There was considerable reworking of this section in the period of time between exposure of the draft and adoption. **1976 Proc. I 629.**

The draft of this section printed in the *Proceedings* contained an incorrect version. It was reprinted in 1978 with the correct language. **1979 Proc. I 969.**

Model Regulation Service—April 2011

MORTGAGE GUARANTY INSURANCE MODEL ACT

Legislative History

Cited to the Proceeding of the NAIC

Section 15. Conflict of Interest

Section 16. Reserves

A. Although it was the intent of the drafters to develop a model regulation, this was not done after the task force prepared the model act. **1975 Proc. II 477.**

B. When adopted the model contained an obvious typographical error. The version printed in the *Proceedings* spoke of components for claims reported "*and unpaid*". The corrections printed in 1978 showed those two words should not have been included. **1979 Proc. I 968-969.**

D. The subsection on reinsurance was not included in the exposure draft, but was added before adoption by the NAIC. **1976 Proc. I 630.**

Section 17. Regulations

This section was not part of the exposure draft, even though the task force had voiced its intention to develop regulations. **1976 Proc. I 630.**

Chronological Summary of Actions

June 1976: Model adopted.

December 1978: Errors corrected.

Model Regulation Service—April 2011

MORTGAGE GUARANTY INSURANCE MODEL ACT

Legislative History

Cited to the Proceeding of the NAIC

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EXHIBIT 39

EXHIBIT 40

EXHIBIT 41

ATRIUM INSURANCE CORPORATION

Management's Discussion and Analysis

For the Year ended December 31, 2004

General Information:

Atrium Insurance Corporation ("Atrium" or the "Company") is a primary mortgage reinsurer licensed in the State of New York but assumes insurance on mortgages located in virtually all states. Atrium writes no direct insurance rather it assumes mortgage insurance from three cedents. Atrium was incorporated and began business on November 9, 1995.

Certain administrative functions of Atrium are provided by subsidiaries of Cendant Corporation and PHH Corporate. This serves to streamline Atrium's expenses by facilitating a sharing of resources between some of the Cendant Corporation and PHH Corporate companies. The method of allocation of expenses is enumerated in a Services Agreement, Expenses Allocation Agreement and a Lease Agreement, based upon arms length negotiated amounts.

Management is not aware of any unusual or infrequent events or transactions or any significant changes that materially affected the amount reported as net income from continuing operations. Also, management is not aware of any trends that it reasonably expects will have a material favorable or unfavorable impact on net revenues or net income.

Results of Operations:

Net premiums assumed and net premiums earned increased \$8,240,417 or 22% from December 31, 2003 to 2004. Net premiums assumed are initially deferred and earned based upon the terms of the underlying policies. The earned premium constitutes the deferred premium, which is generally earned ratably over the policy period. Therefore, the unearned premium is not fully recognized as net premiums earned until the end of the period.

Net investment income increased \$587,830 in 2004 when compared to 2003 primarily due to the increase of interest income from investments in Treasury Bills and an Institutional Money Market fund.

Financial Information:

As of December 31, 2004, Atrium assumed risks in the amounts of \$500,374,587, \$292,875,467 and \$968,093 for three cedents. As of December 31, 2003, Atrium assumed risks in the amounts of \$693,223,340 and \$167,626,896 for two cedents.

Total assets increased 22% from December 31, 2003 to 2004 with the increase in invested assets from collection and investment of net premiums earned on assumed risk.

At December 31, 2004, loss reserves amounted to \$10,415,688, an increase of 80% over December 31, 2003 and represent solely Incurred But Not Reported losses. The reserve is based on actuarial assumptions, and the factors used in determining the reserve include delinquency statistics at the underlying mortgage loans, industry loss date and the actual loss history at Atrium and its ceding companies. Atrium has paid no losses to date since its inception. The methods used to determine such estimates and to establish the resulting ceded reserves are continually reviewed and updated. It is management's belief that the loss reserve is adequate to cover insurance net losses and loss expenses at December 31, 2004.

Management expects the surplus account to continue to grow with new premiums, and low expenses and no losses paid.

Management is not aware of any material events that would cause reported financial information not to be indicative of future operating results or of future financial position.

Cash Flow and Liquidity:

At December 31, 2004, Atrium's invested assets represent cash of \$1,801,049, short-term government securities of \$176,603,208, and an Institutional Money Market Fund (classified as common stock) of \$43,720,064. Atrium has established an account in trust for each cedent, as Atrium is not licensed in the cedent's home state. This trust represents collateral that can be drawn on for losses. Cash and invested assets have increased 21% from 2003 to 2004. Net cash provided from operating activities was \$38,218,164. Management believes that Atrium's liquid assets and its net cash provided by operations will enable it to meet any foreseeable cash requirements.

EXHIBIT 42

COMMUTATION AND RELEASE AGREEMENT

This Commutation and Release Agreement (hereinafter referred to as the "Agreement"), dated as of this 31st day of August, 2009 ("Effective Date"), is made and entered into by and between CMG Mortgage Insurance Company ("CMGMI"), a mortgage guaranty insurance company organized under the laws of the State of Wisconsin and Atrium Insurance Company, ("Reinsurer"), an insurance company organized under the laws of the State of New York. The parties to the Agreement shall be referred to collectively as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, CMGMI and Reinsurer entered into a Reinsurance Agreement dated December 1, 2006 (the "Reinsurance Agreement") whereby CMGMI agreed to cede to Reinsurer and Reinsurer agreed to assume from CMGMI certain insurance risks in exchange for the payment by CMGMI of certain reinsurance premiums to Reinsurer;

WHEREAS, CMGMI and Reinsurer entered into a trust agreement dated December 1, 2006 (the "Trust Agreement") pursuant to which Reinsurer established a trust account (the "Trust Account") for the benefit of CMGMI in order to secure the obligations of Reinsurer under the Reinsurance Agreement; and

WHEREAS, CMGMI and Reinsurer wish to terminate the Reinsurance Agreement and Trust Agreement in their entirety and enter into this Agreement providing for the full and final settlement, discharge and release of any and all of each of their respective liabilities, rights, duties and obligations under the Reinsurance Agreement and Trust Agreement;

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. Upon execution and delivery of this Agreement, CMGMI shall direct the trustee under the Trust Agreement (the "Trustee") to terminate the Trust Account and the Trust Agreement and to release as soon as practicable after the Effective Date all funds in the Trust Account to CMGMI in commutation, payment and full and final satisfaction of all amounts owed, owing, or which may be owing, at any time regarding, in connection with, and/or arising under the Reinsurance Agreement. The payment to CMGMI shall include any increases to the Trust Account funds, including increases in the fair market value of such securities as may be contained therein, accruing between the Effective Date of this Agreement and the date of payment to CMGMI. Reinsurer acknowledges and agrees that, notwithstanding any contrary provision of the Trust Agreement, the funds withdrawn by CMGMI from the Trust Account may be used and applied for any purpose. Reinsurer shall remain responsible for payment to the Trustee of such compensation and fees as may be due to the Trustee through the date of termination of the Trust Agreement.

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2. CMGMI and Reinsurer hereby declare and agree that, upon receipt by CMGMI of all funds in the Trust Account, the Reinsurance Agreement shall be terminated and commuted in full with no further action required by either Party hereto and the Parties shall have no further rights, obligations, duties, and/or liabilities to each other under, or in any way related to, the Reinsurance Agreement. Subject to Paragraph 1 above, no other payment for losses, loss adjustment expenses, premiums or other sums shall ever be owing in connection with the Reinsurance Agreement.
3. Reinsurer and CMGMI further agree that a copy of this Agreement shall be provided to the Trustee as notice of intention to terminate the Trust Agreement. CMGMI and Reinsurer shall execute any documentation reasonably requested by the Trustee or required by the Trust Agreement to effect such termination. Failure of the Trustee to accept and acknowledge this Agreement will not prevent it from becoming effective.
4. Reinsurer, on behalf of itself and its Affiliates, and their respective successors and assigns, in consideration of good and valuable consideration given, hereby forever releases, acquits and discharges CMGMI, its predecessors, successors, assigns, affiliates, subsidiaries, and parent companies, and their respective shareholders, officers, directors, employees, and agents, of and from any and all liabilities and obligations arising out of, related to, on account of, growing out of, under or relating in any way to the Reinsurance Agreement and the Trust Agreement, whether written or oral, known or unknown, reported or unreported, and whether previously existing, currently existing or arising in the future, whether grounded in law or equity, in contract or in tort, including, but not limited to, all actions, causes of action, suits, arbitral proceedings, premiums, dues, debts, claims for sums of money, contracts, controversies, agreements, costs, damages, judgments and demands whatsoever in law or equity which Reinsurer and its successors and assigns now have, claim to have, or may have in the future have against CMGMI under the terms, provisions, endorsements, addenda, conditions of, or otherwise with respect to, the Reinsurance Agreement and the Trust Agreement. As used herein, "Affiliate" means, with respect to a party, a person or entity that, directly or indirectly, is controlled by, controls or is under common control with that party.
5. CMGMI, on behalf of itself and its Affiliates, and their respective successors and assigns, in consideration of good and valuable consideration given, hereby forever releases, acquits and discharges Reinsurer, its predecessors, successors, assigns, affiliates, subsidiaries, and parent companies, and their respective shareholders, officers, directors, employees, and agents, of and from any and all liabilities and obligations arising out of, related to, on account of, growing out of, under or relating in any way to the Reinsurance Agreement and the Trust Agreement, whether written or oral, known or unknown, reported or unreported, and whether previously existing, currently existing or arising in the future, whether grounded in law or equity, in contract or in tort, including, but not limited to, all actions, causes of action, suits, arbitral proceedings, dues, debts, claims for sums of money, contracts, controversies, agreements, costs, damages, judgments and demands whatsoever in law or equity which CMGMI and its successors and assigns now have, claim to have, or may have in the future have against Reinsurer under the terms, provisions, endorsements, addenda, conditions of, or otherwise with respect to, the Reinsurance Agreement and the Trust Agreement. CMGMI's release of Reinsurer as set

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forth in this Agreement shall not become effective unless and until CMGMI receives the entire payment set forth in Paragraph 1 above.

6. Nothing in Paragraphs 4 or 5 shall be construed as releasing either Party from its obligations under this Agreement or as releasing any claims that CMGMI or Reinsurer may have against any person that is not a person (or category or subset of persons) that is included within the scope of the release language set forth in Paragraphs 4 and 5. This Agreement shall not confer any rights or benefits on any third party, except as may be expressly provided herein.
7. Each Party hereto represents and warrants to the other Party that:
 - (a) It is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has the corporate power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby;
 - (b) The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized and approved by all necessary corporate action. The person executing this Agreement on its behalf has the necessary and appropriate authority to do so.
 - (c) The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, shall not violate, conflict with, or result in a breach of, any terms, conditions, or provisions of: (i) its Articles of Incorporation or Bylaws; (ii) any judgment, order, injunction, decree or ruling of any governmental body against or binding upon it; or (iii) any agreement, contract or commitment to which it is a party or is subject, the breach of which would materially impair its ability to execute, deliver or perform its obligations under this Agreement.
 - (d) To the extent any authorization, consent, or approval of any governmental body is required in connection with its execution, delivery and performance of this Agreement, such authorization, consent or approval has been obtained.
 - (e) No claim or loss being released by this Agreement has been assigned, transferred or sold to any other person or entity.
8. (a) The Parties agree that in the event that CMGMI does not, for any reason, receive all of the consideration hereunder, including the funds from the Trust Account as set forth in Paragraph 1, then CMGMI may, in its sole discretion, upon written notice to Reinsurer, terminate this Agreement, in which event this Agreement shall be deemed null and void *ab initio*, and all of the rights and obligations of the Parties with respect to the Reinsurance Agreement and the Trust Agreement shall immediately be fully reinstated as if this Agreement had never been made. CMGMI shall, within fourteen (14) days of such written notice, return to the Trustee such amounts, if any, as CMGMI received from the Trustee pursuant to Paragraph 1, less such amounts as would have become due and owing from Reinsurer to CMGMI under the Reinsurance Agreement during the period from the Effective Date until the date of such written notice from CMGMI.

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(b) Further, if a court of competent jurisdiction issues an order, decision or ruling declaring this Agreement or any of the provisions contained in Paragraphs 1, 2 or 4 to be null, void, illegal, or otherwise unenforceable or rescinded *ab initio*, and such order decision or ruling becomes final and unappealable with no appeal or stay pending (the "Final Order"), then this Agreement shall be rescinded immediately and be deemed null and void *ab initio*, and all of the rights and obligations of the Parties with respect to the Reinsurance Agreement and the Trust Agreement shall be fully reinstated immediately as if this Agreement had never been made. CMGMI shall, within fourteen (14) days of the date of such Final Order, return to the Trustee such amounts, if any, as CMGMI received from the Trustee pursuant to Paragraph 1, less such amounts as would have become due and owing from Reinsurer to CMGMI under the Reinsurance Agreement during the period from the Effective Date until the date of the Final Order.

(c) Further, in the event that a Party to this Agreement becomes obligated under any applicable law respecting debtors and creditors to repay or return to the Trustee or the other Party, or to a rehabilitator, successor, liquidator or trustee of the other Party all or any portion of the consideration hereunder, or if any portion of the consideration hereunder is deemed to be a voidable transfer under any such laws and any of the Parties to this Agreement thereafter repay or return all or any part of the consideration hereunder as a result thereof, then, upon such repayment or return, this Agreement shall be rescinded immediately and be deemed null and void *ab initio*, and all of the rights and obligations of the Parties with respect to the Reinsurance Agreement and the Trust Agreement shall be fully reinstated immediately as if this Agreement had never been made. CMGMI shall, within fourteen (14) days thereafter, return to the Trustee such amounts, if any, as CMGMI received from the Trustee pursuant to Paragraph 1, less the sum of (i) such amounts, if any, as CMGMI repaid or returned to the Trustee or the Reinsurer pursuant to such obligation, and (ii) such amounts as would have become due and owing from Reinsurer to CMGMI under the Reinsurance Agreement during the period from the Effective Date until the date of such repayment or return of the consideration hereunder.

9. The terms and conditions of this Agreement shall be kept confidential by the Parties and neither Party may disclose the terms and conditions of this Agreement to any third party without the prior written consent of the other Party or as may be required by law and/or in compliance with a subpoena after giving reasonable notice to the other Party (to the extent that such notice is permitted by law). The foregoing prohibition shall not apply to disclosures to: (i) the Trustee as set forth in Paragraph 3 above; (ii) independent auditors, accountants and attorneys of either Party; (iii) any state or federal regulator pursuant to its regulations or demands; or (iv) any rating agency or government-sponsored entity (including, but not limited to, Fannie Mae and Freddie Mac); provided, however, the disclosing Party shall use reasonable efforts to obtain assurance that confidential treatment, if available, will be accorded to any information so disclosed.
10. This Agreement is the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior understandings and agreements, whether written or oral, with respect to the subject matter hereof.

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11. This Agreement may be modified or amended only by a written instrument signed by both Parties.
12. This Agreement shall be binding upon, and inure only to the benefit of, the Parties hereto and their respective successors and permitted assigns. Neither Party may assign this Agreement, or any of its rights or obligations hereunder, without the prior written consent of the other Party.
13. No waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by the waiving party. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.
14. Should any portion of this Agreement be held to be unenforceable by a court of competent jurisdiction (other than Paragraphs 1, 2, 4, 5 and 8), the remainder of this Agreement shall be construed as if originally written without the unenforceable portion thereof, giving to the greatest extent possible of the original intent of the Parties hereto as expressed in this Agreement as originally written.
15. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to its conflict of law principles. Any dispute based on, or arising out of, or in connection with this Agreement shall be brought solely in the state or federal courts located in Wisconsin, and the Parties consent to waive any right to seek a change of venue or claim that such courts are an inappropriate or inconvenient forum.
16. The Parties represent that they enter into this Agreement freely and voluntarily, in reliance on their own judgment, belief, and knowledge and with and upon the advice of counsel of their own choice. No provision in this Agreement is to be interpreted for or against any Party because that Party or its counsel drafted such provision.
17. Each Party fully acknowledges and expressly waives its rights and benefits under any provision of law that substantially provides that:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

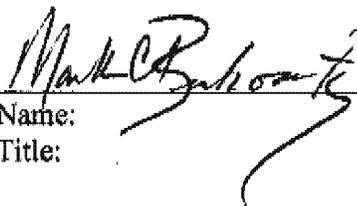
[Continued on following page]

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- 18. This Agreement may be executed in any number of counterparts and by the different Parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

CMG MORTGAGE INSURANCE COMPANY

By: 
 Name:
 Title:

Atrium Insurance Company

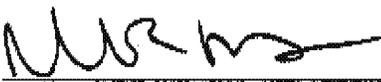
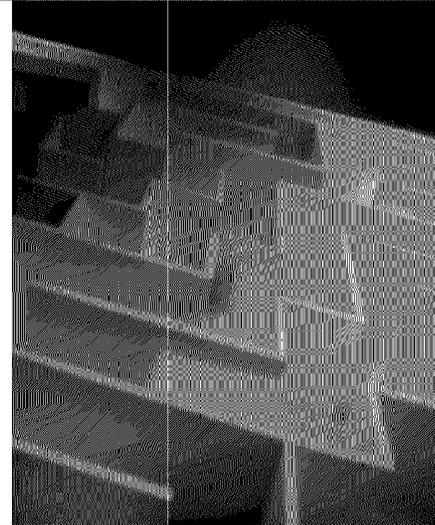
By: 
 Name: Mark Danahy
 Title: President

EXHIBIT 43

Atrium Insurance Company

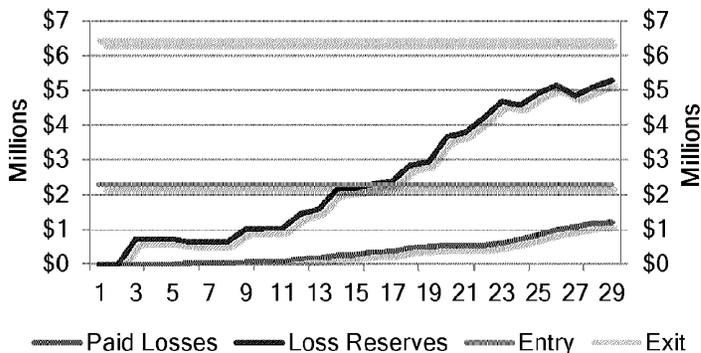
Presented to PHH Mortgage Corporation
July 2009



CMG Mortgage Insurance Company
A Joint Venture between PMI Mortgage Insurance Co. and
CUNA Mutual Investment Corporation

2006 Book Year Summary

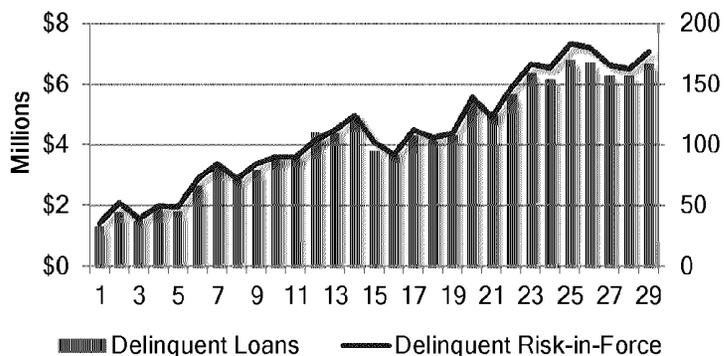
2006 Book Year (RSA 11)



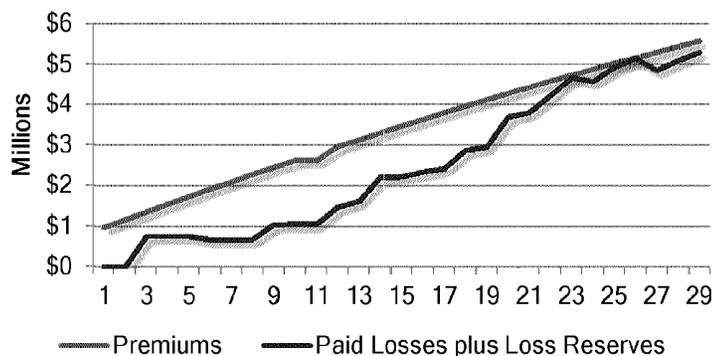
Through June 30, 2009 for the 2006 BY:

- The reinsurers loss layer begins at \$2.3 million for a \$4.1 million total loss responsibility
- CMG has paid \$1.3 million in claims and is reserving \$1.2 million for losses
- There are 180 delinquent loans, requiring loss reserves of \$4.2 million
- Ceded loss reserves are \$3.0 million
- Of the \$5.7 million in premiums, \$1.4 million were ceded to the reinsurer
- Ceded contingency reserves equal \$0.7 million

2006 Book Year Delinquencies



2006 Book Year Premiums and Losses

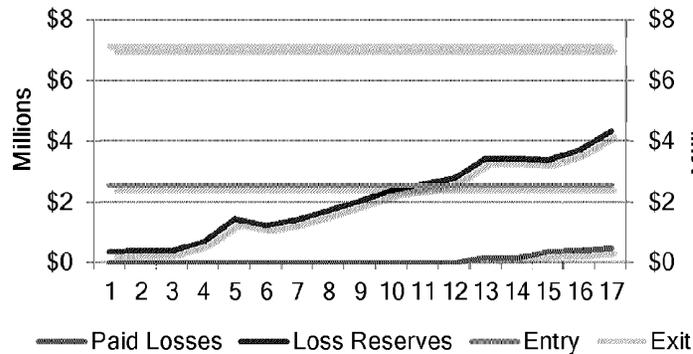


2 Confidential & Proprietary Information
Not for distribution



2007 Book Year Summary

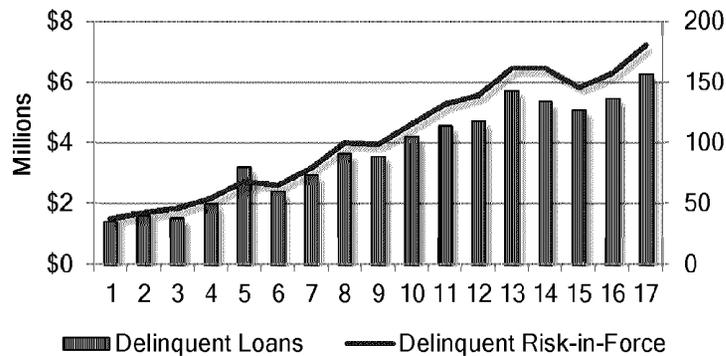
2007 Book Year (RSA 12)



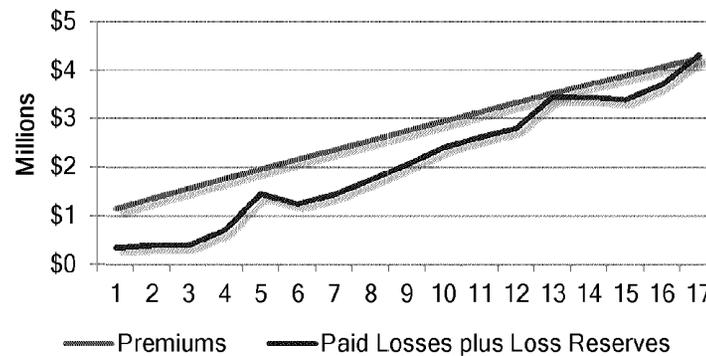
Through June 30, 2009 for the 2007 BY:

- The reinsurers loss layer begins at \$2.6 million for a \$4.6 million total loss responsibility
- CMG has paid \$0.5 million in claims and is reserving \$2.1 million for losses
- There are 170 delinquent loans, requiring loss reserves of \$4.1 million
- Ceded loss reserves are \$2.0 million
- Of the \$4.4 million in premiums, \$1.1 million were ceded to the reinsurer
- Ceded contingency reserves equal \$0.6 million

2007 Book Year Delinquencies



2007 Book Year Premiums and Losses

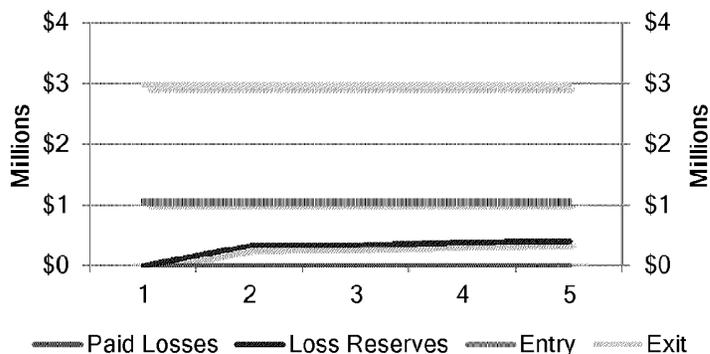


3 Confidential & Proprietary Information
Not for distribution



2008 Book Year Summary

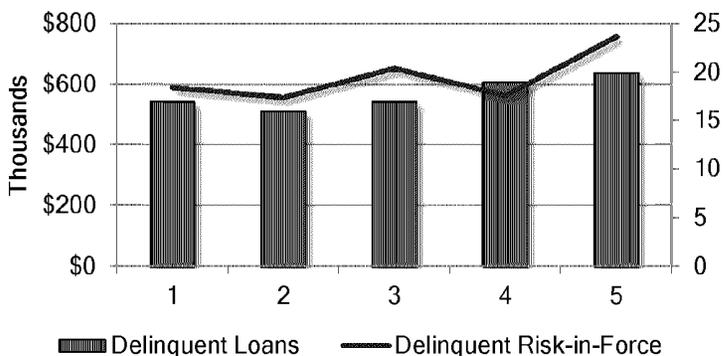
2008 Book Year (RSA 14)



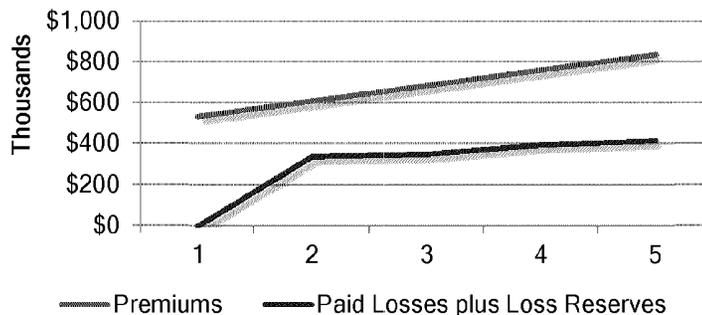
Through June 30, 2009 for the 2008 BY:

- The reinsurers loss layer begins at \$1.1 million for a \$1.9 million total loss responsibility
- CMG has paid \$29 thousand in claims and is reserving \$0.4 million for losses
- There are 21 delinquent loans, requiring loss reserves of \$0.4 million
- Ceded loss reserves are \$0
- Of the \$0.9 million in premiums, \$0.2 million were ceded to the reinsurer
- Ceded contingency reserves equal \$0.1 million

2008 Book Year Delinquencies



2008 Book Year Premiums Versus Losses



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Contractual Minimum Capital Requirement

Section 12.06 (a) Amount to be Maintained.

(a) At all times, the value of the assets in the Trust Account shall not be less than the greater of: (i) ten percent (10%) of the Risk in Force by the Reinsurer pursuant to this Agreement, or (ii) the Required Reserves (the “Minimum Capital”). If the Trust Account balance is less than the Minimum Capital, then upon receipt of the report provided by the Company pursuant to Section 8.01 hereof setting forth the deficiency, the Reinsurer shall promptly deposit into the Trust Account such amounts as are necessary to attain a balance in the Trust Account equal to or greater than the Minimum Capital.

Article 1.37

“Required Reserves” shall mean the sum of (a) Contingency Reserves, (b) Loss Reserves, and (c) Unearned Premium Reserves.

Minimum Capital Computation

Minimum Capital Requirement (MCR)		
MCR is greater of:	Result	Explanation
i) Minimum Aggregate Exposure Test	\$1,059,769.37	10% of aggregate original risk for all book years (\$10,597,693.73)
ii) Sum of 100% of (UPR + Loss Reserves +Contingency Reserves) for all Book Years	\$6,398,808.99	Sum of UPR (\$3,084.04) + Loss Reserves (\$5,014,690.51) + Contingency Reserves (\$1,381,034.44)
Trust Balance after Net Settlements	\$3,232,860.88	
Trust Account Deficiency	\$3,165,948.11	(\$6,398,808.99 - \$3,232,860.88)
Less: Contingency Reserves Available for Release	\$1,381,034.44	(\$3,232,860.88 - \$1,381,034.44)
Trust Account Deficiency After Contingency Reserve Release	\$1,784,913.67	

6 Confidential & Proprietary Information
Not for distribution

 CUNA MUTUAL GROUP

CMG Mortgage Insurance Company
A CUNA Company of CUNA Mutual Group
CUNA Mutual Investment Corporation

CONFIDENTIAL
PHH-ROSENTHAL-CFPB-002475

CFPB-PHH-00131061

Next Steps

- For any trust deficiency, the reinsurer is:
 - Required to wire adequate funds into the trust
 - Funds are due within 30 days that deposits become payable

EXHIBIT 44

Message

From: Rosenthal, Sam (MBS) [Sam.Rosenthal@mortgagefamily.com]
Sent: 8/13/2009 4:00:54 PM
To: Bahr, Alan [Alan.Bahr@cmgmi.com]; Kinkler, Fred [Fred.Kinkler@mortgagefamily.com]
CC: Dillon, Joe [Joe.Dillon@cmgmi.com]; Berkowitz, Mark [Mark.Berkowitz@cmgmi.com]; Hunter, Jeffrey [jeffrey.hunter@pmigroup.com]
Subject: RE: CMG Mortgage Insurance Co. - Electronic Payment Notification

Hi Alan - thank you for the response. We will forward some signed documents shortly. Thanks. Sam

-----Original Message-----

From: Bahr, Alan [mailto:Alan.Bahr@cmgmi.com]
Sent: Thursday, August 13, 2009 11:56 AM Eastern Standard Time
To: Rosenthal, Sam (MBS)
Cc: Dillon, Joe; Berkowitz, Mark; Hunter, Jeffrey
Subject: RE: CMG Mortgage Insurance Co. - Electronic Payment Notification

Hi, Sam:

I called your office this morning and learned that you'll be on vacation until Tuesday. I hope you're having an enjoyable time.

While we understand the economics behind PHH's choice not to fund the Atrium trust deficiency and concur that commutation of the captive is the resulting next step, I must express CMG MI's deep disappointment in the decision. We had anticipated a resolution that would support the integrity of the structure in place. That being said, our legal people have looked at the commutation document you drafted and we've agreed to execute it. Perhaps you can begin the process by sending us two signed copies?

Thanks for your assistance in this matter.

Alan

From: Rosenthal, Sam (MBS) [mailto:Sam.Rosenthal@mortgagefamily.com]
Sent: Wednesday, August 12, 2009 7:40 AM
To: Bahr, Alan
Subject: FW: CMG Mortgage Insurance Co. - Electronic Payment Notification

Hi Alan - how are we doing on the commutation agreement?

-----Original Message-----

From: era@pmigroup.com [mailto:era@pmigroup.com]
Sent: Tue 8/11/2009 6:33 PM
To: Rosenthal, Sam (MBS); era@pmigroup.com
Subject: CMG Mortgage Insurance Co. - Electronic Payment Notification

ELECTRONIC PAYMENT INFORMATION

Date: 08-11-09

Dear: ATRIUM/CMG MORTGAGE INS. COM

From: CMG Mortgage Insurance Co.

The following payment has been processed by accounts payable and the funds will be available in your account 2 business days after the date of this remittance advice.

Invoice Date: 06-30-09
Invoice Number: 8900267674/063009
Amount: 00000297379.44
Description: 2Q09 PREM CESS PHH MORT CORP

If you have any questions concerning this payment, please respond to this e-mail.

Thank You.

This email message, including all attachments, is for the sole use of the intended recipient(s).
If you are not the intended recipient, you may not use, disclose, copy, or disseminate this information.
If you have received this communication in error, please contact the sender immediately, and then delete or destroy the material in its entirety.

EXHIBIT 45



MEMORANDUM

To: Steve Smith and Don Lofe

From: Marina F. Baisas *MFB*

Subject: 2009 Annual Statement – Attestation Regarding Reinsurance Agreements

Date: February 16, 2010

cc: Alan Bahr, Joanne Berkowitz, Mark Berkowitz, Chris Brunetti, Ken Dailey, Joe Dillon, John Hanken, Jeffrey Hunter, Tom Jeter, David Katkov, John Miscisin, Dan Nicoll, Pete Pannes, Tony Porter, Brian Roesch, Earl Sealy, Bill Walker, Jan Walker, Matthew Weaver, Jesse Gentry, Brian McIntosh, Ken Roberts, and Thabiso Zwane

Purpose

The purpose of this memo is to summarize the procedures performed and information available to support the requirement by the NAIC and several states that the CEO and CFO of PMI Mortgage Insurance Co. (MIC) and CMG Mortgage Insurance Company (CMG) attest to specific information regarding reinsurance arrangements.

Background

This requirement was made by the NAIC in a supplement in 2005 (Supplement 20-1, Reinsurance Attestation Supplement: *Attestation of Chief Executive Officer and Chief Financial Officer Regarding Reinsurance Agreements*). The requirement is applicable for any insurance company that reinsures any of its risk to other insurance companies. For the purposes of all PMI-affiliated entities, this requirement applies to MIC and CMG (collectively, the “Companies”) and relates to those reinsurance contracts for which the entity is taking credit in its 2009 Annual Statement.

The Companies enter into three (3) kinds of reinsurance agreements that include the following:

- (1) Affiliate reinsurance with PMI Insurance Co.(PIC), with contracts between MIC and CMG; PMI Reinsurance Co.(PRC), with contracts between MIC and PIC; PMI Mortgage Guaranty Co. (MIC only); Residential Insurance Co. (MIC only); and CMG Reinsurance Co. (CMG only) (“the Affiliates”);
- (2) Captive reinsurance with reinsurers affiliated with various lenders; or
- (3) External reinsurance with non-affiliated independent insurance and reinsurance companies (Radian, Hannover Ruck), etc.

The attestation includes four specific points:

- (I) Consistent with SSAP No. 62 – *Property and Casualty Reinsurance*, there are no separate written or oral agreements between the reporting entity (or its affiliates or companies it controls) and the assuming reinsurer that would under any circumstances, reduce, limit, mitigate or otherwise affect any actual or potential loss to the parties under the reinsurance contract, other than inuring contracts that are explicitly defined in the reinsurance contract except as disclosed herein;
- (II) For each reinsurance contract entered into, renewed, or amended on or after January 1, 1994, for which risk transfer is not reasonably considered to be self-evident, documentation concerning the economic intent of the transaction and the risk transfer analysis evidencing the proper accounting treatment, as required by SSAP No. 62 - *Property and Casualty Reinsurance*, is available for review;
- (III) The reporting entity complies with all the requirements set forth in SSAP No. 62 – *Property and Casualty Reinsurance*; and
- (IV) The reporting entity has appropriate controls in place to monitor the use of reinsurance and adhere to the provisions of SSAP No. 62 – *Property and Casualty Reinsurance*.

The discussion below details how the Companies have fulfilled the foregoing attestation points in order to provide you with adequate assurances that you may sign the attestation.

2009 Updated Discussion

Point I – No Separate Agreements to Limit Risk

To provide assurances that there are no agreements separate from the original reinsurance contract that may reduce, limit, mitigate or otherwise affect any actual or potential loss to the parties under any reinsurance contracts, we have obtained sub-certifications from key individuals within PMI that were involved in the negotiation, execution and performance of reinsurance agreements during 2009. These key individuals were selected based on the likelihood that they would have direct knowledge of any separate agreements if they existed. Collectively, these individuals would certainly know of the existence of any separate agreements and/or understandings, whether written or oral, which would limit, reduce, mitigate and/or otherwise affect potential loss to a party under the reinsurance contracts. It is reasonable to assume that there are no such separate agreements/understandings if none are identified by these individuals.

The following individuals were selected to submit a sub-certification to you:

Name	2009 Title/Position	Companies
Alan Bahr	Director, Secondary Markets & Strategic Partnerships	CMG
Joanne Berkowitz	EVP, Risk Management and Operations, US M.I.	MIC
Mark Berkowitz	SVP and General Manager, CMG	CMG
Chris Brunetti	VP, Assistant General Counsel	MIC
Ken Dailey	AVP, Actuarial Services	MIC & CMG
Joseph Dillon	SVP and General Manager, CMG	CMG
John Hanken	AVP, Pricing	MIC & CMG
Jeffrey Hunter	Counsel	MIC
Tom Jeter	Group SVP, Chief Accounting Officer, & Corporate Controller	MIC & CMG

Name	2009 Title/Position	Companies
David Katkov	EVP – Chief Business Officer, PMI	MIC & CMG
John Miscisin	VP, Capital Markets & Product Design	MIC
Dan Nicoll	SVP, GSE's/HUD	MIC
Pete Pannes	SVP, Sales	MIC
Tony Porter	EVP – Chief Risk Officer	MIC
Brian Roesch	VP, Product Dev/Competitive Intelligence/Captive Reins	MIC
Earl Sealy	VP and Assistant General Counsel	CMG
Mia Shin	Manager, Data Analytics	CMG
Bill Walker	VP, Sales	MIC
Jan Walker	SVP & MD, Structured Transactions	MIC
Matt Weaver	Senior Captives Reinsurance Consultant	MIC

The signed sub-certifications have been included as an attachment to this memo. Based on the responses, it appears reasonable for you to make this attestation related to Point I.

Point II – Availability of Documentation

The verbiage in the attestation clarifies that this point only applies to 1) reinsurance contracts entered into, renewed, or amended on or after January 1, 1994 and 2) reinsurance contracts for which risk transfer is not reasonably self-evident. Furthermore, the American Academy of Actuaries (AAA), in their November 2005 Risk Transfer Testing Practice Note, provides that “the introduction statement to the attestation statement identifies in its scope as ‘all reinsurance contracts for which the reporting entity is taking credit on its current financial statement.’ As such, contracts that are not active, or where there are no earned premiums, losses or other amounts recognized as recoverable as of the Annual Statement date, are excluded from the scope of the attestation.” Based on this guidance and our own review of the requirements, we will apply the above scope for the 2009 attestation.

The AAA also notes that certain types of contracts, by their nature, should be considered “safe harbors” either because risk transfer is reasonably self-evident or because they meet the exemption for risk transfer requirements in Financial Accounting Standards Board Accounting Standards Codification (FAS ASC) 944-20, *Financial Services-Insurance Industry, Insurance Activities Subtopic, US: Reinsurance Contracts Section* (aka FASB pre-codification literature, SFAS 113, Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts). Under FAS ASC Topic 944-20 “plain vanilla” quota-share contracts are typically exempted from analysis under risk transfer requirements. The AAA provided three examples of types of contracts that would likely be considered exempt from this attestation because they would typically be considered safe harbors:

- A straight quota share with no risk-limiting features other than a loss ratio cap with negligible effect on the economics of the transaction;
- Single year property catastrophe and casualty contracts with little or no risk limiting features apart from a reinstatement premium common to these types of contracts;
- Most facultative and treaty per risk excess of loss arrangements with rates on line well below the present value of the limit of coverage, with or without limits, sub-limits, or contingent features.

The attestation is applicable to all reinsurance contracts for which the reporting entity is taking credit in its 2009 Annual Statement. Consistent with last year’s attestation process, we relied upon the listing of all

possible reinsurance agreements as noted on Schedule F, part III, *Ceded Reinsurance* and determined that other kinds of agreements that may not meet the technical definition of reinsurance (i.e. layered co-insurance agreements, uncaptives, modified pool insurance, Premier, and Secondary Market Coverage, etc.) are properly not included in this analysis. Although these other kinds of arrangements share certain characteristics with reinsurance (e.g., the risk-sharing), they are not subject to reinsurance accounting and unlike reinsurance agreements reported on Schedule F, PMI and CMG are not primarily liable if the counterparty should fail (for whatever reason) to live up to its end of the bargain.

While we believe that most, if not all, of the Companies' reinsurance agreements are structured so that risk transfer is reasonably self-evident, we also have adequately and sufficiently documented risk transfer under all of our reinsurance agreements. For our year-to-date 2009 captive analysis, there were two (2) contract amendments and none of them affected risk transfer (see memo from Gloria Young dated February 16, 2010).

Affiliated Reinsurance

With respect to the other existing primary excess share inter-affiliate reinsurance agreements between MIC and PIC and MIC and PRC on the one hand, and CMG and PIC and CMG and CMG Re on the other hand, we have filed and obtained prior approval from the Arizona and Wisconsin Departments of Insurance with the understanding that MIC and CMG would be taking credit for reinsurance on their respective statutory statements in relation to these agreements.

In accordance with the MIC pool reinsurance agreements with PIC, PRC, PMG and RIC, respectively, Ken Dailey (the Actuary for the Companies) annually evaluates the appropriate premium, loss and cession factors and notifies (in writing) the Controller of these affiliates of the new factors. The Controller has five (5) days to object to the new factors, if any. If no objection is made, then the new factors take effect as of the current calendar quarter. This rigorous process ensures that ceded premiums are reasonable and commensurate with the risk transferred on a continuing basis.

Effective September 30, 2009, MIC entered into several XOL agreements with PRC, PMG, and RIC. These agreements terminate on the fifth anniversary of their effective dates unless earlier termination occurs in accordance with the agreements. The agreements allow for the amount of risk that is shared with these affiliates to be adjusted on a quarterly basis. At September 30, 2009, the agreements provided MIC with a combined \$990 million layer of reinsurance coverage attaching at 40% of MIC remaining risk-in-force (RIF). The agreements are specific to all remaining performing loans insured in 2007 (MIC's RIF). The three reinsurers are to indemnify MIC for 100% of cumulated losses paid by MIC with respect to reinsured loans in excess of the reinsurers' attachment point. Each of the agreements have been determined to be very remote risk. MIC has taken credit for each of the agreements with its September 30th risk-to-capital and MPP calculations and will take credit for these agreements going forward. Under statutory accounting, the agreements do not pass risk transfer and as such will be recorded using deposit accounting. (See attached memo on XOL Agreements between the MIC and its affiliates and the acknowledgement by the Arizona Department of Insurance of these agreements and the deposit accounting treatment).

Unaffiliated Reinsurance

During 2009, CMG had no new captive arrangements and effective January 1, 2009, the captive deals with Atrium Insurance Corporation (aka PHH) and Colonial Mortgage Insurance Co. (Colonial) were put into runoff. But in the third quarter of 2009, CMG commuted its reinsurance agreement with Atrium/PHH after the captive's trust account had a deficiency of approximately \$1.8 million in July 2009 and Atrium/PHH declined to fund it. Based on the captive reinsurance agreement, the lack of funding of the deficient trust account automatically terminated the agreement. Accordingly, with this commutation, CMG will reassume all risk ceded to the reinsurer and re-post the related contingency reserves on CMG's statutory financial statements as required by Wisconsin statute.

CMG received an independent risk transfer opinion from Ernst & Young for Colonial that we analyzed in 2005. It should be noted that contract terms for this agreement is comparable to that found in MIC's standard captive reinsurance arrangement. No further risk transfer opinions will be obtained for the Colonial deal.

Over the past couple of years, management has decided to commute certain captive reinsurance contracts as part of its business strategy. To date, MIC had nine (9) full commutations with the following captive reinsurers: Mortgage IT, Net Bank, Ohio Savings, Second Street, Seattle Savings, Provident Funding, First Preference, Prism RBC and First Horizon. One partial commutation with Banc One also occurred during 2008 for its 1998 book per the contract terms. Accordingly, with these commutations, MIC will reassume all risk ceded to the reinsurer and re-post the related contingency reserves on MIC's statutory financial statements as required by Arizona statute.

During 2009, all of the contract amendments were with MIC's affiliated reinsurers. Due to the new guidance issued by Fannie Mae and Freddie Mac effective June 1, 2008 which disallowed private mortgage insurers from ceding new risk with gross risk or gross premium cedes greater than 25% to captive reinsurers, MIC either amended or terminated all existing deep cede reinsurance contracts. Additionally, MIC announced its decision to no longer seek XOL reinsurance arrangements effective January 1, 2009 with third party captives. Please refer to the detailed Risk Transfer analysis and Captive Activity summary list located in the tab section for Point #2.

Point III – Compliance with SSAP No. 62

Statement of Statutory Accounting Principles No. 62, *Property and Casualty Reinsurance* (SSAP 62) sets forth several key requirements for insurance companies when preparing accounting records in accordance with statutory accounting principles. The requirements of SSAP 62 can be categorized into the following sections:

- The required terms for reinsurance agreements
- Reinsurance contracts must include transfer of risk
- Accounting for reinsurance contracts

The Required Terms for Reinsurance Agreements

According to SSAP No. 62, "No credit or deduction from liabilities shall be allowed by the ceding entity for reinsurance recoverable where the agreement was entered into after the effective date of these requirements unless each of the following conditions is satisfied:

- a. The agreement must contain an acceptable solvency clause.
- b. Recoveries due the ceding entity must be available without delay for payment of losses and claim obligations incurred under the agreement, in a manner consistent with orderly payment of incurred policy obligations by the ceding entity.
- c. The agreement shall constitute the entire contract between the parties and must provide no guarantee of profit, directly or indirectly, from the reinsurer to the ceding entity or from the ceding entity to the reinsurer.
- d. The agreement must provide for reports of premiums and losses, and payment of losses, no less frequently than on a quarterly basis, unless there is no activity during the period. The report of premiums and losses shall set forth the ceding entity's total losses and loss expense reserves on the policy obligations subject to the agreement, so that the respective obligations to the ceding entity and the reinsurer will be recorded and reported on a basis consistent with this statement; and
- e. With respect to retroactive reinsurance agreements, the following additional conditions apply:

- i. The consideration to be paid by the ceding entity for the retroactive reinsurance must be a sum certain stated in the agreement.
- ii. Direct or indirect compensation to the ceding entity or reinsurer is prohibited;
- iii. Any provision for subsequent adjustment on the basis of actual experience in regard to policy obligations transferred, or on the basis of any other formula, is prohibited in connection with a retroactive reinsurance transaction, except that provision may be made from the ceding entity's participation in the reinsurer's ultimate profit, if any, under the agreement.
- iv. A retroactive reinsurance agreement shall not be canceled or rescinded without the approval of the commissioner of the domiciliary state of the ceding entity."

With an active role from key personnel in Legal, National Accounts, and Captive Reinsurance in negotiating such contracts, we are assured that the terms of the captive agreements contain the above-mentioned clauses, when applicable, to satisfy the requirements from SSAP 62.

Reinsurance Contracts Must Include the Transfer of Risk

See the discussion in Point II above for information on whether the Companies have adequately complied with this requirement of SSAP 62.

Accounting for Reinsurance Contracts

We comply with this portion of the requirement via PMI's Statutory Reporting Group. This group produces financial statements for the Companies in accordance with all statutory accounting principles, including SSAP 62. Furthermore, these financial statements are audited by our external auditors. In addition, our Annual Statements (including the related General Interrogatories and Schedule F, Part 3) are submitted to the NAIC and Departments of Insurance for all applicable states.

Point IV – Controls in Place to Monitor the Use of Reinsurance

To provide comfort that the Companies have appropriate controls to monitor the use of reinsurance, we reference the internal controls over financial reporting that have been established by the company and, as part of the Sarbanes-Oxley Section 404 attestation, tested for design and operating effectiveness.

One of the Companies' key controls in this instance is the requirement that a risk transfer opinion is obtained on all new captive contracts. This opinion is then reviewed and acknowledged by appropriate levels of management.

These controls are reviewed and tested for design and operating effectiveness by The PMI Group, Inc.'s (TPG) Enterprise Risk Management (ERM) Group, which is currently headed up by Ken Roberts (TPG is the direct parent of PMI and indirectly owns 50% of CMG.). To provide comfort that the above controls are in place, we have provided copies of the SOX 404 documentation regarding the captive reinsurance processes for contract administration and contract origination.

Although the above-mentioned Sarbanes-Oxley Section 404 attestation and ERM reports do not cover CMG's reinsurance process, CMG has adopted similar policies to those discussed above, including the requirement for risk transfer opinions on all new captives. Additionally, PMI's accounting and risk share teams provide servicing and reporting services to CMG, ensuring consistency in the application of controls.

Conclusion

Based on the evidence obtained as discussed above, we are not aware of any issues that would preclude you from making the above-referenced attestation.

EXHIBIT 46

Message

From: Bowen-Ashwin, Christopher (MBS) [Christopher.Bowen-Ashwin@mortgagefamily.com]
Sent: 9/14/2009 7:55:15 PM
To: Bogansky, Mike (MBS) [Mike.Bogansky@mortgagefamily.com]
Subject: Atrium Stat Entries Q3.xls
Attachments: Atrium Stat Entries Q3.xls

Mike - I reran the stat entries for the Radian and CMG commutations. It looks like once we transfer the cash to CMG we maybe able to get out another \$3.25 million as a dividend before the losses eat up the surplus.

I'll use this file as a base when I'm preparing the 3rd quarter Atrium filing.

Thanks,
Chris

EXHIBIT 47

EXHIBIT 48

Message

From: Bogansky, Mike (MBS) [Mike.Bogansky@mortgagefamily.com]
Sent: 2/18/2009 3:15:14 PM
To: Bogansky, Mike (MBS) [Mike.Bogansky@mortgagefamily.com]; Danahy, Mark (MBS) [Mark.Danahy@mortgagefamily.com]
CC: Erdmann, John (MBS) [John.Erdmann@mortgagefamily.com]; Bowen-Ashwin, Christopher (MBS) [Christopher.Bowen-Ashwin@mortgagefamily.com]; Fischer, Bill (MBS) [Bill.Fischer@mortgagefamily.com]
Subject: RE: Cendant ETD 4QRT08.xls
Attachments: Pro-Forma BS to Mark.xls

Mark – Here is the pro-forma balance sheet. Let me know when you'd like to discuss further.

Mike

*Michael Bogansky
Vice President- Financial Reporting and Policy
PHH Mortgage Corporation
phone: (856) 917-6714*

From: Bogansky, Mike (MBS)
Sent: Monday, February 16, 2009 8:34 AM
To: Danahy, Mark (MBS)
Cc: Erdmann, John (MBS)
Subject: RE: Cendant ETD 4QRT08.xls

Mark – We have not withdrawn any funds from Radian's Trust for taxes. We have always been pretty close to the minimum exclusive of taxes. We would not take out the amounts for taxes because we would have to put it right back in with a capital contribution. As it stands now, we are right on top of the minimum required trust balance. I'll send you a pre-forma balance sheet assuming a Radian termination and assumption of risk.

Mike

*Michael Bogansky
Vice President- Financial Reporting and Policy
PHH Mortgage Corporation
phone: (856) 917-6714*

From: Danahy, Mark (MBS)
Sent: Sunday, February 15, 2009 4:45 PM
To: Bogansky, Mike (MBS)
Cc: Erdmann, John (MBS)
Subject: FW: Cendant ETD 4QRT08.xls

Mike, John,

Do you believe that atrium will be taking funds out of the radian trust to pay income taxes as shown on the attached analysis?

How much has been taken out of the trust for the purpose of paying taxes to date?

At this point I do not want to put additional capital at risk with this trust. I want to look at the return profile.

If we choose not to fund additional capital radian can take back the trust and re-assume the risk. I believe we would have to place back in the trust the amounts taken out to pay taxes as presumably those taxes would be returned to atrium when

the loss on termination of the reinsurance contract. Assuming we go down that path, we would reverse a portion of the reserves established to date. Lets proforma what would the results look like under that scenario.

From: Rosenthal, Sam (MBS)
Sent: Friday, February 13, 2009 5:08 PM
To: Danahy, Mark (MBS)
Cc: Bradfield, Richard J. (MBS)
Subject: Cendant ETD 4QRT08.xls

Mark - as per your request, attached is the Radian-Atrium 12/31/2008 Trust Account Calculation. I received this from Radian earlier this week. From page 3 of this report, I observe the following information:

- Total Required Escrow Balance = \$3.6mm
- Trust Balance After Tax = \$2.8mm
- Required Trust Contribution = \$823,904.22

Radian has not called me on this. Let's talk when you have a few moments to discuss our approach / response (if any) back to Radian. I think that we should talk to them about this early next week, as we are planning on doing a lot of business with them next year to take advantage of their expanded Proficient Lender Guidelines, even though this business will not be capture in a captive.

Thanks - Have a great weekend.
Sam

EXHIBIT 49

