IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY TAYLOR, Ohio Superintendent of Insurance in her In Her Capacity as Rehabilitator of Home Value Insurance Company,	:	
Plaintiff,	:	CASE NO. 12CV010970 Judge Daniel T. Hogan
vs.	:	
HOME VALUE INSURANCE COMPANY,	:	
Defendant.	:	

APPLICATION FOR APPROVAL OF THE REHABILITATION PLAN FOR HOME VALUE INSURANCE COMPANY

Plaintiff Mary Taylor, Ohio Superintendent of Insurance in her capacity as Rehabilitator ("Rehabilitator") of Home Value Insurance Company ("HVIC") respectfully requests approval of the Rehabilitation Plan for HVIC pursuant to Ohio Rev. Code 3903.14(D). The Rehabilitation Plan, as well as the reasons and analysis supporting this Application, are set forth in the attached Memorandum in Support.

Respectfully Submitted,

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MEMORANDUM IN SUPPORT

I. Introduction

Home Value Insurance Company ("HVIC") is an Ohio domiciled, stock insurance company formed in 2011 for the purposes of transacting property and casualty insurance business authorized by Ohio Rev. Code 3929.01(A)(26). On August 31, 2012, this Court ordered HVIC into rehabilitation because HVIC failed to comply with statutory minimum capital and surplus requirements and incurred an $8 million operating loss in a 12-month period, thereby rendering HVIC in such condition that the further transaction of business would be hazardous financially to its policyholders, creditors or the public. With HVIC's Board of Directors' consent, the Court appointed the Ohio Superintendent of Insurance as Rehabilitator of HVIC pursuant to Ohio Rev. Code 3903.13(A).

Ohio Rev. Code 3903.14(D) provides, in pertinent part:

> If the rehabilitator determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the insurer is appropriate, the rehabilitator shall prepare a plan to effect such changes. Upon application of the rehabilitator, and after such notice and hearings as the court may prescribe, the court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be in the judgment of the court, fair and equitable to all parties concerned. . . . .

The Rehabilitator is proposing the Rehabilitation Plan set forth in this Memorandum in Support ("Rehabilitation Plan") to resolve HVIC's liabilities and quickly and cost-effectively conclude this case.

The Rehabilitation Plan is fair and equitable to all parties concerned. *Id.* The Rehabilitation Plan implements the claims priority statute, Ohio Rev. Code 3903.42 for disbursement of the insurer's assets to pay policyholders and creditors in full on HVIC's pre-rehabilitation and post-rehabilitation debts. The Rehabilitation Plan therefore treats policyholders and creditors claims at least as favorably as the treatment those claims would receive in a statutory liquidation. The Rehabilitation Plan avoids the administrative expenses and unnecessary risk of additional loss to policyholders and creditors associated with triggering a statutory liquidation procedure when there is no need to do so in order to protect policyholders and creditors. Additional circumstances in this receivership that weigh heavily in favor of approval of the Rehabilitation Plan and a prompt wind-up of HVIC include:

- As of the date of filing this Application, HVIC had more cash than current claims. There is enough money to pay the policyholders' and creditors' claims in full and make a surplus distribution to HVIC's shareholder.

- Due to the size of this estate and other factors, the Rehabilitator was able to quickly complete her takeover and financial analysis necessary to formulate a Rehabilitation Plan.

- HVIC policyholders will receive more under the proposed Rehabilitation Plan than they might receive if this case were converted to a statutory liquidation proceeding.

- There is no guaranty fund coverage for HVIC's insurance policies.

- A statutory liquidation of HVIC would be more time consuming and expensive than rehabilitation.

For these reasons, and the additional reasons set forth below, the Rehabilitator requests a judgment of this Court approving the Rehabilitation Plan under Ohio Rev. Code 3903.14(D).

II. Rehabilitation Plan Implementation Date

The Rehabilitation Plan Date is September 28, 2012.

III. Background/Statement of Facts

A. HVIC's Start Up

HVIC was incorporated on June 14, 2011. At that time, it claimed to be the first and only issuer in the United States of home value protection insurance policies. These policies provide limited indemnification of realized losses for homeowners upon the sale of their homes.

HVIC is a wholly owned subsidiary of Home Value Protection, Inc., formerly known as Working Equity, Inc., a Delaware corporation formed in 2009 and headquartered in San Francisco, California. Home Value Protection, Inc. ("HVP") initially developed "home value protection" as a warranty-type product to be sold through mortgage and realty brands. News articles reported that HVP later thought that consumers would want the financial protection and guarantee of a regulated insurance product, marketed as regulated insurance through a network of independent insurance agents. *See for example,* "Insurer Retools Home Value Insurance Coverage", Insurance Journal, Sept. 30, 2011.[1] HVP formed HVIC as a separate insurance company subsidiary. HVP originally capitalized HVIC using money from HVP and other investors.

HVIC then filed all papers necessary to ensure the issuance of a license to transact property and casualty insurance business in Ohio beginning on September 14, 2011, and later in Oklahoma on December 23, 2011, Georgia on February 8, 2012, Arizona on April 6, 2012, Indiana on February 10, 2012, Louisiana on February 23, 2012, Oregon on May 4, 2012 and Texas on March 8, 2012.

Pursuant to an Administrative Services Agreement dated June 24, 2011, HVP provided administrative services to HVIC in respect of its operation as an insurance company. These administrative services included administrative, facilities and management services in connection with HVIC's operation and maintenance of an insurance agency, including underwriting, marketing, policy issuance, billing and collection, state regulatory filings, legal, investment management, financial reporting, accounting, human resources, and management information

[1] "Insurer Retools Home Value Insurance Coverage", Insurance Journal, Sept. 30, 2011, www.insurancejournal.com/news/national/2011/09/30/217816.htm

services and such other and additional services as HVIC requested from time to time on a cost allocation/reimbursement basis. HVIC paid or reimbursed HVP for the administrative services allocated to HVIC through an intercompany reimbursement that was reconciled on a monthly basis.

The HVIC business plan failed within its first year. Despite spending over $2.7 million of HVIC policyholder surplus on underwriting expenses consisting primarily of allocated salaries and employee benefits, marketing, distribution and legal expenses, and other operational costs, including office rents and outside vendors for website development and IT hosting, HVIC issued only 219 insurance policies from September 28, 2011, through June 29, 2012, and generated only $31,347 in premium income.

B. <u>The HVIC Policies</u>

1. <u>General Statistics</u>

All of the HVIC policies were sold in Ohio, Oklahoma and Georgia by independent agents. HVIC did not issue any policies in Arizona, Indiana, Louisiana, Oregon or Texas prior to rehabilitation, even though it had insurance licenses in those states. HVIC voluntarily ceased writing new business effective June 29, 2012 pending resolution of its capitalization issue. *See* Note 4 of HVIC Quarterly Statement as of June 30, 2012, regarding Discontinued Operations. On the Rehabilitation Date, 175 HVIC policies were in force.[2] The Rehabilitator has not authorized, and will not authorize, the issuance of new policies during rehabilitation.

Each of HVIC's policies is for a one year term, and is guaranteed renewable for nine (9) consecutive additional annual terms. Therefore, HVIC cannot itself cancel its policies as long as the premium is paid. The Rehabilitation Order itself also does not cancel any of these in-force

[2] The Ohio Department of Insurance's website is www.insurance.ohio.gov. Go to "ODI Services", then under "Top Company Links", click on "Domestic Company Financial Statement". Then, type in "Home Value" next to Company Name, and select either 2011 or 2012 as the "Year" on the drop down menu.

policies. Therefore, policyholders who paid their September 2012 premium[3] have retained their HVIC policy and are the policyholders eligible to participate in the proposed Rehabilitation Plan. As of September 27, 2012, 171 HVIC policies remain in force. Of those, 137 policies were issued in Ohio, 11 policies were issued in Oklahoma, and 23 policies were issued in Georgia.

2. Coverage

The HVIC policies pay the policyholder a limited sum based on the calculation of a "Covered Loss" as set forth in the policy. A Covered Loss occurs in the event the policyholder sells a primary residence in a "Qualifying Sale" for less than the insured "Protected Home Value" set forth in the policy, if the "ending" quarterly local home price index provided by a third party – presently, the Case-Schiller Home Price Index - on the day of the Qualifying Sale is less than the "starting" quarterly local home price index when the policy was issued. The HVIC policies contain a coverage limit that is 25% of the Protected Home Value for the life of the policy. The HVIC policies impose a 10% deductible in the first year and a 5% deductible in the second year of the policy. The coverage limit and deductible in the first two years of the policy reduce the likelihood of a Covered Loss.

The HVIC policy provision regarding the calculation of a Covered Loss is:

> **SECTION III. CALCULATION OF COVERED LOSS**
>
> 1. A **Covered Loss** is equal to the *lesser* of:
>
> a. The **Protected Home Value™** *minus* the **Qualifying Sale Price**; or
>
> b. The **Protected Home Value™** *multiplied by* the percentage resulting from the product of the **Starting Index** *minus* the **Ending Index**, the difference of which is *divided by* the **Starting Index** (when expressed as a formula: **Protected Home Value™** X [**Starting Index** – **Ending Index**]/**Starting Index**); or

[3] HVIC policyholders pay their monthly premium in advance. Therefore, all policyholders who paid their premium as of September 27, 2012, will have paid their September premium.

c. The **Coverage Limit**.

The **Deductible** and any unpaid premium through the **Qualifying Sale Date** calculated on a pro-rata basis will reduce the amount of the **Covered Loss**, if any.

[Emphasis in original].

3. Claims and Reserves

HVIC has not paid any policy claims. According to HVIC and the Rehabilitator's review of HVIC's records, there have not yet been any Qualifying Sales under any HVIC policies in the short time HVIC has been in business.

HVIC does not maintain claims reserves. HVIC reported in 2012 that it would not have incurred any claims losses in 2011, even if all of its Ohio insureds sold their homes in that year, because home prices in Ohio declined an average of less than 5% (less than the 10% policy deductible) in the last quarter of 2011. *See,* 2011 Annual Statement MD&A pgs. 350-350.1. However, HVIC potentially has future claims exposure during the full term of the policies because 153 of HVIC's in-force policies as of August 31, 2012, were sold in areas where the Local Home Price Index declined.

4. Premium

HVIC's only income is the monthly installments on existing policies. The average annual premium is $447.64, payable in monthly premium installments. In all but 14 cases as of the Rehabilitation Date, policyholders pay premium in monthly installments averaging $37.16/month. Policyholders make premium payments through automatic charges to their credit cards and ACH debits from their bank accounts. There have been no renewals to date because renewal dates have not yet been reached by any in-force policy.

C. HVIC's Pre-Rehabilitation General Financial Condition

Prior to rehabilitation, HVIC filed quarterly and annual financial statements with state insurance regulators in accordance with statutory accounting principles ("SAP"). HVIC filed its last statutory annual financial statement on March 31, 2012 reporting its financial condition as of December 31, 2011. HVIC reported assets of $8,724,481 as of December 31, 2011 (including a non-admitted asset of $618.00 in a segregated Merchant Processing Reserve account). HVIC reported that its primary source of cash flow over the next twelve months would be additional capital contributions from its parent, HVP. *See,* 2011 Annual Statement MD&A pg. 350.1, which may be accessed on the website of the Ohio Department of Insurance.[4] HVIC reported total liabilities of $775,006, the vast majority of which was owed to HVP, and a resulting surplus of $7,948,857.

HVIC filed its statutory quarterly financial statement on or around June 30, 2012 reporting its financial condition as of March 31, 2012. HVIC reported assets of $5,850,866 as of March 31, 2012 (including a non-admitted asset of $1,866 in the segregated Merchant Processing Reserve account), liabilities of $801,033 and a resulting surplus of $5,047,967. Ohio Rev. Code 3929.011 requires HVIC to maintain minimum capital and surplus of $5 million.

As stated above, HVIC voluntarily ceased writing new business effective June 29, 2012, pending resolution of its capitalization issue. HVIC's records show it entered into merger negotiations with two insurance companies in or around July 2012.

On August 14, 2012, HVIC filed its last quarterly financial statement reporting its financial condition as of June 30, 2012. HVIC reported assets of $3,491,297 (including a non-admitted asset of $4,665.00 in the segregated Merchant Processing Reserve account), liabilities of $704,341, and a further declining surplus of $2,782,290, well below the statutory minimum.

[4] *See* footnote 2, regarding the Ohio Department of Insurance's website.

The continual decrease in HVIC's surplus is primarily the result of HVIC's operating expenses, which far outpaced income generated from the premium paid on existing policies. Because HVIC has not paid any policy claims and none of the policies have been in force for a full year, there is no basis for HVIC to seek a rate increase as a means of generating funds sufficient to bring HVIC into compliance with statutory minimum capital and surplus requirements. The expected additional capital contributions from HVP will not occur because, in fact, HVP cannot raise additional capital from investors. Furthermore, HVIC's merger negotiations failed. HVIC's Board of Directors consented to this rehabilitation on August 28, 2012.

IV. HVIC's Rehabilitation

All receivership cases are unique. HVIC's rehabilitation may be viewed as consisting of five (5) overlapping phases which the Rehabilitator proposes to conclude on or before December 31, 2012, in order to avoid additional liabilities that trigger on January 1, 2013.

Phase 1 - Takeover and stabilization of HVIC beginning on August 31, 2012, including the Rehabilitator's assessment of the overall financial condition of the company;

Phase 2 - Analysis of the receivership structure and, in this case, formulation of the Rehabilitation Plan filed on September 28, 2012, and set forth below;

Phase 3 - Approval of the Rehabilitator's Rehabilitation Plan on or before November 16, 2012, following a 45-day notice period;

Phase 4 - Implementation of the Rehabilitation Plan, including a requirement that all checks issued on November 19, 2012, be cashed within 21 days and no later than December 10, 2012; and

Phase 5 – Closing the HVIC rehabilitation and terminating this case on or before December 21, 2012.

A. Phase 1 – Takeover and Stabilization

Takeover commenced on August 31, 2012, when the Rehabilitation Order was entered. On that day, the Rehabilitator's staff implemented measures to identify and control HVIC's assets and stabilize its current business operations and financial condition to assure uninterrupted service to HVIC's policyholders. These measures are ongoing under the Rehabilitation Order and will continue until this rehabilitation is complete. *See* Ohio Rev. Code 3903.13 (requiring the Rehabilitator to take possession of and administer all assets of the company); Ohio Rev. Code 3903.14(B) (suspending all powers of HVIC's directors, officer and managers and vesting their authority in the Rehabilitator).

The Rehabilitator also issued prompt written notice via email or first class mail informing all of HVIC's policyholders, agents, banks, regulators, its parent company, the U.S. Department of Justice and the IRS of HVIC's rehabilitation and her efforts to provide uninterrupted service to them. None of the notices were returned as undeliverable. The Rehabilitator has continuously provided information about the HVIC rehabilitation on her website, including all pleadings filed in the case, and "Answers to Frequently Asked Questions" and information about how stakeholders may contact the Rehabilitator directly through an HVIC-dedicated email address and voice mail box.

The Rehabilitator's staff also prioritized the identification, takeover, analysis and stabilization of HVIC's accounts, books, records, assets and remaining operations, all of which HVIC located in San Francisco, California. In part, this required:

1. Identification and Takeover of all HVIC Assets and Property

The Rehabilitator investigated and confirmed that HVIC has virtually no liquid assets, other than two bank accounts at Wells Fargo Bank in San Francisco, California together holding approximately $1.5 million, and statutory deposits in three (3) states totaling $1,025,000. The Rehabilitator took exclusive control of the HVIC bank accounts and consolidated them into her HVIC operating account at Chase Bank in Columbus, Ohio ("HVIC Columbus Account"). The Rehabilitator achieved the release of the Ohio statutory deposit and anticipates the release of the Texas statutory deposit within the next 15 days. These sums will be held in the HVIC Columbus Account. The Rehabilitator does not anticipate receiving HVIC's $25,000 Georgia statutory deposit (the "Georgia Deposit") from the Georgia Department of Insurance before December 1, 2012. Provisions for the recovery of the Georgia Deposit are discussed further below in Section IV.B.7.C, below.

As of its Rehabilitation Date, HVIC records reflected recoverable claims against various HVIC agents for unearned commissions in the amount of $2,714.48. On September 18, 2012, the Rehabilitator issued invoices to agents owing HVIC pre-rehabilitation unearned commissions. As a result of communications with these agents and further investigation, the Rehabilitator confirmed that the majority of the claimed $2,714.48 receivable on HVIC's books was in error and is in fact not a recoverable asset of HVIC. Accordingly, the Rehabilitator will limit further expense of HVIC assets in handling unearned commissions. Provisions for the handling of future potential agent unearned commissions are discussed further below in Section IV.B.5.A, below.

During the takeover, stabilization and financial analysis phases of HVIC's rehabilitation, the Rehabilitator preliminarily investigated whether there are potential claims against third parties, including HVIC's directors and officers. The Rehabilitator reviewed documents and other financial records regarding HVIC's operations. Her preliminary investigation did not reveal any fraudulent activity. The Rehabilitator's initial investigation further showed that HVIC's shareholder approved all of the actions of HVIC's directors and officers. Based on this and on the fact that this estate has a surplus, the Rehabilitator determined not to pursue her investigation of whether actionable claims against HVIC's directors or officers exist. Further, HVIC does not have any viable avoidable transfer claims that that are not subject to an ordinary course of business and other viable defenses. Ohio Rev. Code 3903.14(F).

HVIC has limited business records and owned no tangible property at any point in time. Instead, HVP operated HVIC and billed HVIC for its services under an Administrative Services Agreement. Therefore, HVP has all ownership and liabilities associated with staff and payroll, leases, contracts with outside vendors, and equipment used to operate HVIC. HVP cooperated with the Rehabilitator to promptly and cost-effectively turn over to the Rehabilitator all of the predominantly electronic books, records, documents and files relating or pertaining to HVIC and its insurance operations.

The Rehabilitator is not required to file a list of assets in rehabilitation as she is in liquidation under Ohio Rev. Code 3903.25(A). In this case, the Rehabilitator is including such a list of assets (cash and cash equivalents on hand) as of September 27, 2012[5] because the inclusion of the list of HVIC's minimal assets and property does not burden the estate. The list also assists in the evaluation of the proposed Rehabilitation Plan. The list of assets is included in Section IV.A.3, below, with the Rehabilitator's assessment of HVIC's assets and liabilities as of the August 31, 2012 rehabilitation date, and the Rehabilitator's assessment of HVIC's liabilities as of September 27, 2012, and statement of the HVIC rehabilitation expenses paid from August 31, 2012 through September 26, 2012..

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[5] The Rehabilitator is reporting the September 27, 2012 cash and cash equivalents that are in her possession and in the HVIC Columbus Account, totaling $2,019,389.86.

As contemplated by Ohio Rev. Code 3903.14(A) and the Rehabilitation Order, the expenses incurred by the Rehabilitator in conducting the rehabilitation are paid directly from the assets of HVIC. Although the takeover required the Rehabilitator to travel to HVIC's offices in San Francisco, California for nine (9) days, the Rehabilitator was able to expedite her takeover and minimize administrative expenses throughout this rehabilitation, in part because of the size and age of HVIC. The Rehabilitator's planning and operational readiness to resolve troubled insurance companies in the least costly manner and the ongoing cooperation she received from HVP and its employees assisted the Rehabilitator with some cost savings.

2. Stabilization of HVIC's Remaining Operations

The Rehabilitator immediately implemented financial and operational controls to reduce and avoid unnecessary liabilities associated with HVIC's operations and this rehabilitation. First and foremost, the Rehabilitator adopted measures to ensure that the Rehabilitator, not HVP, ultimately controlled the provision of and payment for services under the Administrative Services Agreement. These measures included limiting the number of employees authorized to perform work for the Rehabilitator and adopting additional time keeping procedures so that work for HVIC was clearly separated from work for HVP. As a result, all but one of the officers of HVIC resigned and HVP laid off all but 3 of its remaining 13 employees, who were retained to assist the Rehabilitator's staff.

The Rehabilitator also fully separated from HVP and transitioned all HVIC matters to her offices in Columbus, Ohio by September 19, 2012.

3. Assessment of HVIC's Assets and Liabilities and Current Financial Condition

HVIC's Financial Statements as of August 31, 2012, in PDF form as presented to the Rehabilitator by the Company are included in the Exhibit A as Exhibit A-1, attached and incorporated herein by reference. The Rehabilitator is required to complete an assessment of the overall financial condition of HVIC, which includes an assessment of HVIC's assets and liabilities as of the August 31, 2012 rehabilitation date. The results of the Rehabilitator's assessment are set forth below.

a. <u>HVIC's Assets as of 8/31/2012</u>

The Rehabilitator's assessment of HVIC's Assets as of 8/31/2012 is as follows:

TOTAL BONDS $<u>1,012,137</u>

This is comprised of the Ohio and Texas special deposits. Based on our review of the HVIC bank statements, as of 8/31/2012, the market value of the Ohio deposit is $512,540.00, and the market value of the Texas deposit is $500,275.00, which totals $1,012,815.00. The Rehabilitator recovered the Ohio deposit, totaling $516,904.25. The Rehabilitator is currently pursuing release of the Texas deposit.

CASH, CASH EQUIVALENTS <u>$1,625,108</u>

This is comprised of the following bank accounts based upon the bank statements as of 8/31/2012: (1) Wells Fargo Operations Acct #xxxxxx4785, in the amount of $37,140.59; (2) Wells Fargo Premium Collection/Zero Balance Acct #xxxxxx4793, in the amount of $0.00; (3) Wells Fargo Advantage Treasury Plus Money Market A-#453 Acct #xxxx1701, in the amount of $1,562,965.12; (4) Wells Fargo Advantage Treasury Plus Money Market in depository bank, U.S. Bank Account #xxxxxx5100, in the amount of $25,000.66 (the Georgia statutory deposit). These accounts total $1,625,106.37. Upon Plan approval, the Rehabilitator will close the Wells Fargo Operations and Premium Collection Accounts and transfer the remaining balance to the HVIC Columbus Account. The recovery of the Georgia Deposit is provided for in Section IV.B.7.C., below.

BONDS, US GOVERNMENT DUE & ACCRUED $5,181

As of 8/31/2012, this amount is the accrued interest from the U.S. Treasury Bonds, $5,181.42.

PREMIUM REC $35,163

As of 8/31/2012, this amount reflects the premium due from HVIC's policyholders through the end of 2012. Under the proposed Rehabilitation Plan, some portion of this receivable would not be collectible. *See* Section IV.B.2 and specifically footnote 5, below.

OTHER THAN INVESTED ASSET $6,405

This asset pertains to the reserve account established in connection with the Wells Fargo Merchant Processing Agreement. The Rehabilitator is presently uncertain what amount of this reserve account will be collectible. *See* Section IV.B.4, below regarding this asset.

COMMISSIONS RECEIVABLE $2,715

This receivable on HVIC's books as of 8/31/2012 is discussed in Section IV.A.1., above. Through the Rehabilitator's collection actions beginning on September 18, 2012, $253.33 of the $2,714.48 receivable on HVIC's books was collected. Based upon communications with agents and further investigation, the Rehabilitator confirmed that the majority of the claimed $2,714.48 receivable on HVIC's books was in error and is in fact not a recoverable asset of HVIC.

b. HVIC's Liabilities as of 8/31/2012

The Rehabilitator's assessment of HVIC's Liabilities as of 8/31/2012 is as follows:

TAXES LICENSES & FEES ACCRUAL $963

This amount is comprised of premium tax liability to the Ohio ($561.08), Georgia ($295.32), and Oklahoma ($106.84). We have confirmed that there will be additional premium tax liabilities and fees consisting of $25.00 due to Indiana and $650.00 due to Oklahoma. The adjusted total liability is $1,638.24.

PREMIUM DIRECT UPR > 1 YR LIAB OCC CO **$39,357**

This amount pertains to the unearned premium as of 8/31/2012. HVIC policyholders in general pay their monthly premium in advance. Premium collection is suspended upon the filing of this Application for Approval of the Rehabilitation Plan in order to avoid unnecessary expense. By the time of the hearing to approve or disapprove the proposed Rehabilitation Plan, there will be no unearned premium because either it is fully earned or it is refunded under the proposed Rehabilitation Plan.

OTHER LIABILITIES **$52,373**

The other liabilities amount primarily consists of amounts due to: Orrick for legal services ($30,665.44); Gen Re-NEAM for 2012 3rd quarter investment management fees ($9,375.00); Wells Fargo Bank September 2012 bank fees ($1,300.00); Wells Fargo Bank 2012 2nd quarter bank fees ($1,895.00); and ODI Examiner Fees ($9,138.31). On September 26, 2012, based on invoices received, the Rehabilitator paid Gen Re-NEAM 2012 3rd quarter investment management fees ($6,250.00) and ODI Examiner Fees ($9,138.31). HVIC's estimated accrual for Gen Re-NEAM investment management fees was overstated by $3,125.00. The final bank fees of $2,539.50 were deducted by Wells Fargo Bank prior to the transfer of the Advantage Treasury Plus Money Market account balance to the HVIC Columbus Account. HVIC's estimated accrual for those final bank fees was overstated by $655.50. The remaining unpaid liability to Orrick will be disbursed to HVP upon approval of this Rehabilitation Plan.

TOTAL DUE TO/FROM PARENTS OR SUBS **$422,665**

This amount pertains to the unpaid intercompany billing due to the parent company HVP ($422,663.65) as of August 31, 2012. This remaining unpaid liability will be disbursed to HVP upon approval of this Rehabilitation Plan.

c. HVIC Assets as of September 27, 2012

Rehabilitator has cash and cash equivalents on hand in the HVIC Columbus Account as of September 27, 2012 consisting of a DDA checking account of $5,389.86, and a Money Market Fund account of $2,014,000.00, the total of which is $2,019,389.86.

d. HVIC Liabilities as of September 27, 2012

The Rehabilitator's assessment of HVIC's liabilities as of September 27, 2012 for the September 28, 2012 Rehabilitation Plan Date is set forth in Exhibit A-2, attached and incorporated herein by reference. Exhibit A-3, attached and incorporated herein by reference, is a schedule of the Rehabilitator's administrative expenses from August 31, 2012 through September 24, 2012, related to the take-over phase and other rehabilitation activities.

There is no litigation except this case. No claims have been reported under any HVIC policy. The largest creditor, other than policyholders under the Rehabilitation Plan, is HVIC's parent HVP under the Administrative Services Agreement. As noted above, HVP employed all the staff, held the lease for office space, etc., used in HVIC's insurance operations. HVIC's only other creditors are banks for banking and service fees, various state regulators for taxes & license fees, and administrative expenses the Rehabilitator authorized.

B. Phase 2 - The Rehabilitation Plan

After exploring several options, including a motion to convert the rehabilitation to liquidation under Ohio Rev. Code 3903.18, the Rehabilitator prepared a Rehabilitation Plan ("the

Plan") that includes an equitable commutation of all of HVIC's policies, the satisfaction of all other known creditor claims and the wind up of HVIC. The Plan is designed to address all of the major issues facing HVIC in a manner that conserves the remaining assets of HVIC for its payment of its current policyholders and creditors in full without unnecessarily prolonging this receivership case. The Plan thus provides the benefits of rehabilitation, such as flexibility and the accelerated disposition of this receivership. The Plan avoids the administrative expenses and unnecessary risk of additional loss to policyholders and creditors associated with triggering a statutory liquidation procedure when there is no need to do so in order to protect policyholders and creditors. There is no guaranty fund coverage for HVIC policies, and the Plan ensures that all policyholders and creditors are paid in full. Creditors might not be paid in full if the Rehabilitator were to file a motion under Ohio Rev. Code 3903.18(A) to liquidate HVIC because the liquidation process would trigger additional administrative expenses and possibly operate to reduce certain policyholder or creditor claims. Therefore, under the Plan, all policyholders and creditors are treated equitably and fairly and at least as well, if not better than, liquidation.

The Rehabilitation Plan is:

1. <u>Pay All Administrative Expenses of Rehabilitation</u>

As contemplated by Ohio Rev. Code. 3903.14(A) and the Agreed Order Appointing Rehabilitator, fees and expenses incurred by the Rehabilitator were paid directly from the assets of HVIC as those expenses were incurred. *See also* Ohio Rev. Code 3903.42. These expenses include the post-rehabilitation work to file HVIC's 2011 tax return by September 17, 2012, the collection of premium[6], the payment of HVP staff to assist the Rehabilitator in the collection and

[6] Premium collection is suspended upon the filing of this Application for Approval of the Rehabilitation Plan in order to avoid unnecessary expense. HVIC policyholders pay premium through automatic credit card charges administered by a third party vendor. The costs of this collection exceed premium paid. Assuming that the Rehabilitation Plan is approved on or about November 16, 2012, there will be no

assessment of HVIC financial data during the takeover phase, and the Rehabilitator's notification of all interested parties, the payment of HVP vendors involved with the website hosting and premium collection services, and associated bank fees. *See,* Exhibit A-2 for a list of outstanding liabilities as of September 27, 2012 and Exhibit A-3 for the schedule of the Rehabilitator's administrative expenses from August 31, 2012 through September 24, 2012, related to the take-over phase and other rehabilitation activities. The Rehabilitator believes these administrative expenses were necessary and in the best interest of the HVIC estate and the company's policyholders. The cost of these administrative expenses to this estate is very low as compared to what HVIC paid HVP for administrative services prior to rehabilitation and as compared to the more typical costs of receivership.

A. Rehabilitator's Reserve for Future Administrative Expenses

The Rehabilitator's reserve for future administrative expenses (the "Reserve") is set forth on Exhibit B, attached and incorporated herein by reference. The Reserve reflects the fees and expenses to be incurred by the Rehabilitator on and after September 24, 2012 for the administration of the HVIC rehabilitation and, if the Plan is approved, for carrying the Plan out, as contemplated by Ohio Rev. Code 3903.14 (A) and (D).

The Reserve for the HVIC rehabilitation was developed to reflect two alternative scenarios. In one scenario, no objections to the Plan are presented, and the Plan proceeds to approval at hearing. In the other scenario, objections to the Plan are received and the Rehabilitator attempts resolution, and if no resolution is achieved, the objections are scheduled for a court hearing. Not until the time of the hearing to approve or disapprove the proposed Rehabilitation Plan, will the Rehabilitator know which alternative scenario applies. *See* Exhibit

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unearned premium at as all premium paid through September 27, 2012, will have been fully earned because a 45-day notice period will have run and Plan Policyholder's paid their premium one month in advance.

B-1, for the "No Objection Scenario" ($39,125.58), and Exhibit B-2, for the "With Objection Scenario" ($41,153.72).

The Rehabilitator believes the Reserve for future administrative expenses is necessary and in the best interest of the HVIC estate and the company's policyholders.

2. <u>Commutation With Plan Policyholders</u>

The protection and bests interests of Plan Policyholders are paramount in the Plan, as in all insurance receivership plans. *See e.g.* Ohio Rev. Code 3903.02(D) ("The purpose of sections 3903.01 to 3903.59 of the Revised Code is the protection of the interests of insureds, claimants, creditors and the public generally . . . ").

A. <u>Termination of all HVIC Policies</u>

The wind up of HVIC requires the termination of all in-force HVIC policies. If the Rehabilitator converted the case to liquidation, a liquidation order would result in automatic cancellation of all HVIC policies. Because the Rehabilitator has determined to wind up HVIC in rehabilitation, the Rehabilitation Plan is to pay each person with an in-force HVIC policy as of September 27, 2012[7] ("Plan Policyholders") a sum of money to commute their HVIC policy and release claims.

B. <u>Calculation of Payments to Plan Policyholders</u>

The Rehabilitator will allow Plan Policyholders to forego paying premium beginning on September 28, 2012, while the Plan is being reviewed by the Court as part of the consideration paid to Plan Policyholders, if the Plan is approved. In addition, if the Court approves the Plan, the Rehabilitator will issue checks to Plan Policyholders on November 19, 2012, drawn on the HVIC Columbus Account paying Plan Policyholders <u>the greater of:</u>

[7] HVIC policyholders pay their monthly premium in advance. Therefore, any policyholder who paid premium as of September 27, 2012 has paid their September, 2012 premium.

(a) existing Covered Claims as defined in the HVIC policy that were asserted to HVIC or the Rehabilitator in writing prior to November 16, 2012 (to date, there have been no claims under any HVIC policies); OR

(b) a return of all premium the Plan Policyholder paid prior to September 28, 2012 as reflected in HVIC's and the Rehabilitator's records as of September 27, 2012; OR

(c) the amount of the policyholder's "Index Claim" in the rehabilitation, which is explained below and illustrated in Exhibit C; OR

(d) $500.00.

In exchange for this payment, HVIC will be released from any and all obligations for past, existing and future claims against HVIC and the Rehabilitator. As a result, the HVIC policies will be commuted along the lines of a rescission, and neither the Plan Policyholder nor HVIC (or the Rehabilitator) will be bound by the policies.

C. Calculation of the "Index Claim" in the Rehabilitation

As explained above, some HVIC Plan Policyholders will be paid a sum that, for purposes of this Plan, is based on the calculation of an "Index Claim" in the rehabilitation. This calculation is not for an actual claim. There are no existing claims under any HVIC policies. This sum is instead an estimation of potential claims that certain Plan Policyholders – specifically, those Plan Policyholders who live in a ZIP code where the Local Home Price Index has declined from (is now less than) what it was when the policy was issued – for commutation purposes only.

Possible future claims are often assessed for purposes of forming a commutation plan. This is especially true when the line of business is traditional, long tail insurance products (*e.g.*, workers' compensation, environmental). In HVIC's circumstance, it is impossible to assess the present value of future claims arising under the HVIC policies using a traditional analysis of prior claims experience and claims reserves because there are no claims to date, and HVIC did not maintain any claims reserves. Moreover, it is impossible to know whether or not there would actually be any claims under any HVIC policy. Thus, the Rehabilitator is using the following criteria to calculate an "Index Claim" in rehabilitation for purposes of commutation.

1. Plan Policyholders Eligible for the "Index Claim" in Rehabilitation

The "Index Claim" applies to Plan Policyholders who live in a ZIP code where the Local Home Price Index has declined since their policy was purchased. Because of this decline, the Plan provides that these Plan Policyholders will receive the greater of: (1) $500; or (2) an amount based on the percentage decline in the Local Home Price Index multiplied by the amount of their Protected Home Value, less a five percent (5%) deductible; or (3) the amount of premium HVIC's records show the Plan Policyholder paid from the time HVIC issued their policy until September 27, 2012.

2. Definition of the Terms in the Index Claim

- The "Protected Home Value" is the Protected Home Value as of the Plan Policyholder's policy effective date as forth in the Plan Policyholder's HVIC policy Declarations.
- The "Ending Local Home Price Index" (or "Ending Index") is the Case-Schiller Home Price Index[8] for the Plan Policyholder's ZIP code as of September 27, 2012.
- The "Starting Local Home Price Index" (or "Starting Index") is the Starting Index set forth in the Plan Policyholder's HVIC policy Declarations, which was based on the Case-Schiller Home Price Index at the policy effective date.
- The 5% deductible is 5% of the Protected Home Value, described above.

[8] The Local Home Price Index is set quarterly based on the Case-Schiller Home Price Index. Therefore, the Local Price Index used in the Rehabilitator's Plan is the Case-Schiller Home Price Index as of September 27, 2012.

3. How the Index Claim is Calculated

To determine whether the Plan Policyholder's Local Home Price Index has declined, the Rehabilitator subtracted the Ending Local Home Price Index from the Starting Local Home Price Index, and if the result was a positive, the "Index Calculation" was made. The "Index Calculation" is made as follows:

The Starting Index *minus* the Ending Index, the difference of which is *divided by* the Starting Index, when expressed as a formula:

[Starting Index – Ending Index] / Starting Index

The next step is to multiply the Protected Home Value by the result of the Index Calculation, to arrive at the Protected Home Value Decline, and then to subtract the 5% Deductible to arrive at the amount of the "Index Claim". When expressed as a formula:

Protected Home Value x ([Starting Index – Ending Index] / Starting Index) *minus* the 5% deductible

The exact calculations and payments to each known in-force Plan Policyholder under the Plan are set forth in Exhibit C.[9]

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[9] The names and street address of the Plan Policyholders are redacted in Exhibit C as a matter of practice at the request of several claimants in other liquidations who reported that they had been contacted and questioned by claims buyers, neighbors, and others in connection with claims they have in insurance receiverships. The Rehabilitator is indeed attempting to respond to and protect Plan Policyholders by redacting their contact information in Exhibit C. The Rehabilitator is requesting that the Plan Policyholders' names and addresses be filed under seal with the Court at the time the Rehabilitation Plan is approved. Each Plan Policyholder will receive an individualized Notice that is not publicly filed that explains the sum of money they will receive under the Rehabilitation Plan as indicated on Exhibit C. In addition, the Rehabilitator in this case, as in other cases, posted this Motion and the Redacted Exhibit C on her website at **www.ohliq.com** under Open Rehabilitations – Home Value Insurance Co. in the form of a searchable PDF so that Plan Policyholders may search for information about their HVIC policies using their HVIC Policy Number. The website also explains that Plan Policyholders may call the Rehabilitator's Office if they have questions about the Report.

D. Procedure

1. Notice to Plan Policyholders

On the day this Application is filed, the Rehabilitator will issue an individualized court-approved written Notice to each Plan Policyholder, along with this Application and Notice of Hearing, by ordinary first class mail and also email where the Plan Policyholder's email address is known. The Notice will inform the Plan Policyholder of the exact sum certain that the HVIC Rehabilitation Estate will pay the Plan Policyholder based on the criteria above. The Notice will also explain that the effect of the payment is to terminate the HVIC policies and release and forever bar all claims. The Notice will also explain the procedures the Plan Policyholder must follow when they agree or disagree with the Notice or the Plan.

2. Plan Policyholder Objections

The Notice will inform Plan Policyholders that, if they have any disagreement with the Notice or the Plan, they must file objections with the Rehabilitator which must be received on or before November 13, 2012 (forty-five (45) days from the date of mailing of the Notice). If the Plan Policyholder does not file an objection to the Notice within 45 days, the failure to timely object will be treated as if no objection was filed and, thus, treated an acceptance. If a Plan Policyholder files a timely objection, then the Rehabilitator will immediately attempt to contact the Plan Policyholder and promptly resolve the objection. If the Rehabilitator is unsuccessful in resolving the matter, then the objection will be heard on November 16, 2012 in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio, 43215, beginning at 10:00 a.m., pursuant to this Court's Order.

3. Treatment of Undeliverable Notices

If a Notice is returned to the Rehabilitator as undeliverable to the Plan Policyholder, the

Rehabilitator will research the Internet and other sources available to her to try to locate the Plan Policyholder. This is not expected since the HVIC policies are so new and relate specifically to the Plan Policyholder's home, and the Rehabilitator successfully issued notices of the HVIC rehabilitation to all Plan Policyholders just a few weeks ago. But, if further notice efforts are unsuccessful, the matter will be scheduled for a hearing in this Court for purposes of seeking a court order allowing the payment and resulting cancellation of the HVIC policy as if no objection was filed, and authorizing the Rehabilitator to transfer the funds to the Ohio Department of Commerce Division of Unclaimed Funds for the benefit of the Plan Policyholder. This is different than the treatment of undeliverable notices of determination of claims in liquidation under Ohio Rev. Code 3903.45 in part because, in this case, the Rehabilitator is not denying any claims.

3. Pay Creditors in Classes 3 to 10 under Ohio Rev. Code 3903.42 In Full

The Rehabilitator's assessment and analysis of HVIC's financial condition confirms that as of the Rehabilitation Plan Date, HVIC has no creditors falling into Classes 3 to 10 under Ohio Rev. Code 3903.42 other than state regulators and state/local governmental authorities for taxes and fees, and its parent company, HVP. As reflected in the last statutory financial statement, HVIC's parent is its largest creditor due to sums owed under the Administrative Services Agreement.

4. Closure of all Remaining Wells Fargo Bank Accounts and Termination of the Wells Fargo Merchant Processing Agreement and Transfer of Funds

When the HVIC policies are cancelled as a result of the approval of the Plan, there will be no need for HVIC to process premium payments made by Plan Policyholders. As part of the Plan approval, the Rehabilitator requests an Order authorizing her to immediately close the premium collection and operating accounts with Wells Fargo Bank, N.A. All moneys in these

Wells Fargo bank accounts shall be transferred to the Rehabilitator's HVIC Columbus Account. Additionally, the Rehabilitator requests that the Court order the cancellation of the Merchant Processing Agreement with Wells Fargo Merchant Services, L.L.C., without any liability to HVIC or the Rehabilitator, as part of the Plan. The collateral reserve held back by Wells Fargo Merchant Services Risk Management Department in a reserve account must be remitted to the Rehabilitator no later than five (5) days following the Rehabilitator's notice to Wells Fargo Merchant Services, L.L.C., of approval of the Rehabilitation Plan at Attn: Monique Lively, Relationship Manager, 1 Western Maryland Parkway, Hagerstown MD 21740, fax 402-315-5173, with a copy by Email to Monique.Lively@wellsfargomerchantservicesllc.com.

5. Termination of all HVIC Contracts

The Rehabilitator requests that the Court's approval of the Plan include provisions for the termination of the following HVIC contracts:

A. HVIC's Agency Agreements

As of the Rehabilitation Date, HVIC has approximately 213 independent agents appointed in Ohio, Georgia and Oklahoma. HVIC's standard Agency Agreement provides for its termination for convenience by HVIC on 90 days' prior written notice, or immediately as a result of regulatory action. However, the Rehabilitator did not terminate the Agency Agreements pending the development of the Plan. The Rehabilitator requests that the Court order the immediate termination of HVIC's Agency Agreements, without any liability to HVIC or the Rehabilitator as part of the Plan.

Once the HVIC policies are cancelled on or about November 16, 2012, as a result of the approval of the Plan, there would be some amount of unearned commission that could be calculated by the Rehabilitator on or after that date. However, using a cost/benefit analysis, the

Rehabilitator has determined that it would cost her more to calculate and collect any future unearned commission from multiple agents than she might actually recover. Further, unearned commission collections on or after Plan approval would delay the closure of the HVIC rehabilitation proceeding. Accordingly, the Rehabilitator requests that the Court authorize her to abandon collection of any current or future unearned commission as part of the approval of the Plan. Ohio Rev. Code 3903.13(A) and 3903.14(B).

B. Administrative Services Agreement with Home Value Protection, Inc.

Because the Rehabilitation Plan proposes to wind up and end company operations and dissolve HVIC, and because HVP already performed the limited services that the Rehabilitator requested it perform after the date of HVIC's rehabilitation, there is no need for the continuation of the Administrative Services Agreement dated June 24, 2011, with HVP on or after the approval of the Rehabilitation Plan. Accordingly, the Rehabilitator requests that the Court order the termination of HVIC's Administrative Services Agreement with HVP without any liability to HVIC or the Rehabilitator as part of the approval of the Plan.

C. Tax Sharing Agreement with Home Value Protection, Inc.

HVIC is a subsidiary of HVP. Both companies are considered members of an affiliated group, as the term is defined in Section 1504 of the Internal Revenue Code of 1986, as amended. As such, they expected to file a consolidated federal income tax return for each taxable year during which HVIC is an includable corporation qualified to so file. HVIC and HVP entered into a Tax Sharing Agreement dated June 24, 2011. The Agreement generally provides that, for each taxable year during which HVIC is included in the HVP consolidated federal income tax return, HVIC is to pay HVP an amount equal to the regular federal income tax liability that it would pay on its taxable income if it were filing a separate, unconsolidated return.

HVIC filed its 2011 federal income tax return on a consolidated basis with HVP on September 17, 2012. HVIC owed no federal income tax liability. Therefore, HVIC made no payment to HVP.

The Rehabilitator will prepare the final HVIC federal income tax return for the calendar year December 31, 2012 (the "2012 Return") and file it direct with the Internal Revenue Service ("IRS"). The Rehabilitator will provide the 2012 Return to HVP for HPV to file on a consolidated basis. The Rehabilitator will pay HVIC's regular federal income tax liability, if any, direct to the IRS. No tax liability is expected. Accordingly, the Rehabilitator requests that the Court order the termination of HVIC's Tax Sharing Agreement with HVP effective the 2012 tax year as part of the approval of the Plan.

6. <u>Surrender of Remaining HVIC Certificates of Authority</u>

As noted above, HVIC obtained licenses to transact property and casualty insurance business (the "License" or "Licenses") in Ohio, Oklahoma, Georgia, Arizona, Indiana, Louisiana, Oregon and Texas. As of the date of filing this Application, HVIC surrendered its Certificates of Authority to transact insurance in the State of Texas so that Texas may cancel HVIC's License.

Because the Rehabilitation Plan proposes to wind up and end company operations and dissolve HVIC, as part of the Plan approval, the Rehabilitator requests an Order authorizing her to surrender the remaining Certificates of Authority to transact insurance in the States of Ohio, Oklahoma, Georgia, Arizona, Indiana, Louisiana and Oregon so that these States may immediately cancel HVIC's Licenses.

7. Activities Following Plan Implementation and Rehabilitation Proceeding Closure

The Rehabilitator requests that the Court order the approval of the following post-rehabilitation closure processes, which are detailed in the Rehabilitator's reserve for future administrative expenses at Exhibit B:

A. Independent Audit and Final Federal Income Tax Return for Year End 2012

It is standard procedure for the Rehabilitator to obtain an independent audit of the company in rehabilitation. The Rehabilitator retained Maloney + Novotny LLC to perform an Independent Audit of the cash and investments for the period August 31, 2012 to December 31, 2012, and to prepare the Form 1120[redacted]C final tax return for the calendar year December 31, 2012.

B. Final returns required by States in which HVIC was licensed to transact property and casualty insurance business

To the extent that any premium tax returns required by the States of Ohio, Oklahoma, Georgia, Arizona, Indiana, Louisiana, Oregon and Texas have not been filed by the time this Court orders the closure of the HVIC rehabilitation proceeding, the Rehabilitator requests an Order authorizing her to execute and file such returns.

C. Recovery of Georgia Statutory Deposit

As mentioned above, the Rehabilitator does not anticipate receiving HVIC's $25,000 Georgia Deposit from the Georgia Department of Insurance before the hearing to approve or disapprove this Rehabilitation Plan. If the Rehabilitation Plan is approved, the Rehabilitator requests the Court authorize the Rehabilitator to retain limited authority to take all required action to receive the Georgia Deposit, whether after Plan approval or after the closure of the HVIC rehabilitation estate. The amount of the Georgia Deposit, net of fees charged by the

Georgia Department of Insurance for surrender of the HVIC certificate of authority and release of the Deposit, and net of the administrative expenses of the Rehabilitator's staff, will be accounted for and turned over as surplus to HVP, the sole shareholder of HVIC.

V. Legal Authority for the Rehabilitator's Proposed Rehabilitation Plan

A. General Authority for Rehabilitation of Insurance Company

In Ohio, an insurer's rehabilitation is governed by Ohio Rev. Code 3903.01 to 3903.59: "The Insurers Supervision, Rehabilitation, and Liquidation Act" ("the Act") and specifically Ohio Rev. Code 3903.12 to 3903.15. The protection and bests interests of policyholders are paramount in rehabilitation. *See* Ohio Rev. Code 3903.02(D) ("The purpose of sections 3903.01 to 3903.59 of the Revised Code is the protection of the interests of insureds, claimants, creditors and the public generally . . ."). *See also Hudson v. Petrosurance,* 127 Ohio St.3d 54, 2010-Ohio-4505, 936 N.E.2d 481, ¶16 ("The purpose of the [A]ct is to protect the interests of insureds, claimants, creditors, and the public generally, and the provisions of the act are to be liberally construed to effectuate this purpose."); *Metcalf v. Investors Equity Life Ins. Co.*, 80 Haw. 339, 340, 901 P.2d. 110 (1996), *cert. denied* 518 U.S. 1018 (1996) ("Absent from the purpose of the act is the protection of shareholders of the insolvent insurance company. . . .") (*quoting Hartnett v. Southern Am. Fire Ins. Co.*, 495 So. 2d 902, 903 (Fla. Dist. Ct. App. 1st Dist. 1986)).[10]

The Superintendent is not required to wait until an insurer is insolvent to initiate rehabilitation: "when an insurance company gets into financial difficulties, something must be done to remedy the situation. The Commissioner need not wait until disaster deepens or until the insurer is hopelessly insolvent." *Kentucky Cent. Life Ins. Co. v. Stephens,* 898 S.W.2d 83, 86 (Ky. 1995) (citation omitted). Rather, rehabilitation is allowed where, as here,: (1) the further

[10] The Act is modeled after the "Insurers Rehabilitation and Liquidation Model Act," as drafted by the National Association of Insurance Commissioners ("NAIC Model"). It is therefore appropriate to examine cases from other states that have enacted statutes the same or similar to a NAIC Model.

transaction of business by an insurer would be financially hazardous to its policyholders, creditors or the public, and/or (2) the board of directors or a majority of shareholders consent to rehabilitation, Ohio Rev. Code 3903.12(A)-(L).

Once the court enters a rehabilitation order, the ensuing rehabilitation is governed by Ohio Rev. Code 3903.13 to 3903.15. The Superintendent, in her capacity as Rehabilitator, is given "broad discretionary and equitable powers relating to the supervision, rehabilitation and liquidation of insurance companies." *Fabe v. Prompt Finance, Inc.,* 69 Ohio St.3d 263, 273, 631 N.E.2d 614 (1994). "The authority so vested necessarily contemplates and embraces a considerable degree of independent administrative judgment and discretion to be exercised by the [Superintendent] . . . ." *Pope v. Xantus Healthplan of Tenn.* 2000 Tenn. App. Lexis 319, *20 (Tenn. App. May 17, 2000) (*quoting Kueckelhan v. Federal Old Line Ins. Co.*, 74 Wn.2d 304, 314, 444 P. 2d 667 (1968). Accordingly, pursuant to Ohio Rev. Code 3903.02(C), the statutory rehabilitation provisions are liberally construed to grant the rehabilitator wide latitude in managing an insurer's rehabilitation.

Generally, in rehabilitation, the company continues to operate, just as HVIC continued the collection of premium for the HVIC in-force policies. The Rehabilitator's staff manages all aspects of the company's operations and takes steps to address the conditions that resulted in the company being placed into rehabilitation. Although Ohio Rev. Code 3903.14(B) gives the rehabilitator authority to reform or revitalize an insurer in rehabilitation, the statutes do not require it and it is well settled that rehabilitation does not have to restore a company to its exact condition in order to be successful. Rehabilitation is appropriate so long as the rehabilitation properly conserves and equitably administers the assets of the company for policyholders, creditors and the public. *See* 2A Couch in Insurance 2d §22.10.

If, during rehabilitation, the rehabilitator determines in her sole discretion "that reorganization, consolidation, conversion, reinsurance, merger or other transformation of the insurer is appropriate, then, the rehabilitator shall prepare a plan to effect such changes." Ohio Rev. Code 3903.14(D). In this case, the Rehabilitator elected to prepare and file a Rehabilitation Plan for HVIC.

B. Standard of Review for a Rehabilitation Plan

Ohio Rev. Code 3903.14(D) establishes the requirements for this Court's approval or disapproval of the Rehabilitator's proposed Rehabilitation Plan. The statute provides, in relevant part:

> . . . Upon application of the rehabilitator, and after such notice and hearings as the court may prescribe, the court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be in the judgment of the court, fair and equitable to all parties concerned. . . .

Ohio Rev. Code 3903.14(D).

Courts apply an abuse of discretion standard to evaluate whether the rehabilitator's plan is fair and equitable to all parties concerned. *See Ratchford v. Proprietors' Ins. Co.,* 47 Ohio St.3d. 1, 3, 546 N.E.2d 1299 (1989) (a liquidator has broad general authority and responsibility subject only to judicial review to assure there is no fraud or abuse of discretion). Despite the need for court approval of the rehabilitation plan, courts carefully avoid substituting judicial discretion for administrative discretion. *See e.g. Kueckelhan v. Federal Old Line Ins. Co.,* 74 Wn.2d at 316, 444 P. 2d at 674 (". . . the trial court in its supervisory and reviewing role may not substitute its judgment for that of the Commissioner, but may and should only intervene or restrain when it is made to appear that the Commissioner is manifestly abusing the authority and discretion vested in him and/or is embarking on a capricious, untenable or unlawful course.").

Generally, a rehabilitator does not abuse his or her discretion, and rehabilitation may properly be used, if policyholders receive the same or better protection on their policy claims as they would receive in a statutory liquidation. *Neblett v. Carpenter,* 305 U.S. 297 (1938) (holding that rehabilitation plan cannot impose harsher consequences on claimants than a liquidation).

This narrow abuse of discretion standard also applies to individual provisions of the rehabilitation plan. *See e.g. Kentucky Cent. Life Ins. Co. v. Stephens, 898 S.W.2d at 86* (applying the abuse of discretion standard to evaluate the rehabilitator's sale of insurer's real estate assets). Any matters not traditionally considered within the rehabilitator's expertise that are included in the rehabilitation plan are also subject to the abuse of discretion standard. Courts acknowledge that the "[rehabilitator] must be afforded that freedom of action in the over-all management of the company which will permit [her] to knowledgeably evaluate, plan, devise, and implement a program which in [her] best judgment and in keeping with [her] expertise in the field of insurance will accomplish the objective of the [rehabilitation] proceeding." *Foster v. Mutual Fire, Marine & Inland Ins. Co.,* 531 Pa. 598, 611, 614 A.2d 1086 (1992), *cert. denied,* 506 U.S.1080 (1993) *(quoting Kueckelhart v. Fed. Old Line Ins. Co., supra).* Thus, courts give deference to the manner in which the rehabilitator proceeds, unless the methods of implementation are not fair and equitable. *LaVecchia v. HIP of N.J., Inc.,* 734 A.2d 361, 364 (N.J.Super.1999).

VI. HVIC's Rehabilitation Plan is Fair and Equitable, Not an Abuse of Discretion and Must Be Approved By This Court Under Ohio Rev. Code 3903.14(D)

A. The Rehabilitator's Plan Provides Fair Representation and Notice to All Interested Persons

Ohio Rev. Code 3903.14(D) provides that this Court may approve or disapprove a Plan "after such notice and hearings as the court may prescribe." While no specific provision exists for the notice to and representation of potential claimants, the rehabilitation statute leaves such determination to the Court's discretion. *O'Neal v. Oxendine*, 514 S.E.2d 908, 911 (Ga. App. 1999).

In the present case, the Rehabilitator will mail this Application containing the Rehabilitation Plan and a Notice approved by this Court to all of the Plan Policyholders and to all of HVIC's agents, vendors, creditors, shareholder, HVIC's state regulators and the federal government ("Plan Participants"). At the same time, the Rehabilitator will serve a Notice referenced above informing each Policyholder Participant and Plan Participant of the payment they will receive under the proposed Rehabilitation Plan and the procedures and time for filing any objections. This notice and opportunity to be heard more than adequately addresses the interests of notice and fair representation.

B. <u>The Rehabilitator's Plan Is Fair and Equitable and Protects the Interests of Policyholders and Creditors</u>

In some cases, a guaranty association provides a safety net for policyholder claims when a liquidation order with a finding of insolvency is entered against an insurer. HVIC policyholders would not have guaranty fund protection if a liquidation order were entered in this case, in part because of applicable coverage exclusions in the guaranty fund statutes. As explained above, the Rehabilitator's proposed Rehabilitation Plan instead protects the interests of all policyholders and creditors by paying them in full on their claims as reflected in HVIC's records and winding up and dissolving the business of HVIC.

The proposed Rehabilitation Plan requires the termination of all in-force HVIC policies and other contracts. Neither the Rehabilitator nor HVIC can continue to run off the HVIC policies for ten (10) years and perform contacts associated with continuation of policies and at the same time preserve assets to pay ongoing debts and possible claims. HVIC does not have sources of income or liquid assets sufficient to correct its financial deficiencies. Nor can the Rehabilitator transfer the policies to a licensed insurer, in part because there is no interested regulated buyer[11] to timely close such a transaction.

The Rehabilitation Plan fairly and equitably protects all Plan Policyholders by paying them a fair commutation value in exchange for termination of the HVIC policies. The Rehabilitator believes the Plan is in the best interests of Plan Policyholders because the payment is at least as much and potentially more than the sum Plan Policyholders would receive in a statutory liquidation that results in automatic cancellation of the policies. The Rehabilitation Plan will also pay all other Plan Participants in full on both their pre-rehabilitation and post-rehabilitation debt and therefore treats them at least as well as they would be treated in statutory liquidation. Last, the Rehabilitator's administrative expenses to be paid from the assets of HVIC are fair and reasonable under the circumstances of this case.

VII. Conclusion

For these reasons and the additional reasons set forth throughout this Application, the Rehabilitator's Plan is fair and equitable to all concerned and not an abuse of the Rehabilitator's discretion. Therefore, this Court must approve the Rehabilitation Plan.

Respectfully Submitted,

MIKE DE WINE
Attorney General State of Ohio

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[11] Insurance company licensed to sell the home value protection or similar insurance policy.

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Application for Approval of the Rehabilitation Plan for Home Value Insurance Company was posted on the Rehabilitator's website, **www.ohliq.com**, under Open Rehabilitations – Home Value Insurance Co. substantially contemporaneous with the filing of this Application.

*/s/ W. Scott Myers*________
W. Scott Myers (0040686)

EXHIBIT A

TO

APPLICATION FOR APPROVAL OF THE REHABILITATION PLAN FOR HOME VALUE INSURANCE COMPANY

Home Value Insurance Company Financial Statements (Unaudited)

As of and for the month ending Aug 2012

EXHIBIT A-1

BALANCE SHEET

Description	August
ASSETS	
TOTAL BONDS	$1,012,137
CASH, CASN EQUIVALENTS	$1,625,108
BONDS US GOVERNMENT DUE & ACRD	$5,181
PREMIUM REC.	$35,163
OTHER THAN INVESTED ASSETS	$6,405
COMMISSION RECEIVABLE	$2,715
TOTAL ASSETS	$2,686,709
LIABILITIES	
TAXES LICENSES & FEES ACCRUAL	$963
PREMIUM DIRECT UPR > 1 YR LIAB OCC CO	$39,357
OTHER LIABILITIES	$52,373
TOTAL DUE TO/FROM PARENTS OR SUBSIDIARIES	$422,665
TOTAL LIABILITIES	$515,358
CAPITAL AND SURPLUS	
COMMON CAPITAL STOCK NET	$2,500,000
PAID IN & CONTRIBUTED SURPLUS NET	$8,300,000
SPECIAL SURPLUS	$10,952
RETAINED EARNINGS	($2,861,477)
YTD NET INCOME/LOSS- PARENT	
YTD NET INCOME/LOSS- SUB	($5,778,124)
NET INCOME	($5,778,124)
TOTAL CAPITAL AND SURPLUS	$2,171,352
TOTAL LIABILITIES, CAPITAL AND SURPLUS	$2,686,709

Home Value Insurance Company Financial statements (Unaudited)

As of and for the month ending Aug. 2012

(preliminary)

Income statement

Description	Month 8 Change	Year to date Month 8
PREMIUM EARNED	$6,777	$40,566
COMMISSIONS	$391	$70,922
MARKETING EXP	$1,567	$823,983
WAGES	$130,256	$2,344,922
PAYROLL BENEFIT	$6,708	$215,420
INSURANCE	$0	$40,059
TRAVEL/MEALS	$2,089	$209,324
RENT	$49,100	$559,171
DEPCIATION	$52,047	$330,816
PROFESSIONAL FEES	$43,575	$1,037,342
OTHER	$15,522	$150,099
TOTAL OPERATING EXP	$301,256	$5,782,057
TOTAL UNDERWRITING GAIN/LOSS	($294,479)	($5,741,491)
INVESTMENT INCOME	$2,752	$12,614
INTEREST EXPENSE	$10,675	$49,246
INVESTMENT INCOME NET OF INVESTMENT EXPENSES	($7,923)	($36,632)
NET OPERATING INCOME/LOSS	($302,402)	($5,778,124)

EXHIBIT A-2

HOME VALUE INSURANCE COMPANY, in Rehabilitation
List of Liabilities
As of September 27, 2012

Payee	Description	Amount
HVP	HVIC-HVP Total wages (includes FICA) 9/14/12 to 9/20/12 final	$ 15,790.21
HVP	Remaining unpaid intercompany billing	422,663.65
HVP	Orrick legal fees	30,665.44
OH Department of Insurance	Agent Termination Fee	955.00
OH Department of Insurance	P & C Franchise Tax	561.08
GA Department of Insurance	State premium tax	295.32
OK Department of Insurance	State premium tax and fees	756.84
OR Department of Insurance	Fee for surrender of license	50.00
AZ Department of Insurance	Fee for surrender of license	50.00
IN Department of Insurance	Filing fee for surrender of license	25.00
	Total Liabilities	$ 471,812.54

HOME VALUE INSURANCE COMPANY, in Rehabilitation
Schedule of administrative expenses
From 8/31/2012 to 9/24/2012

EXHIBIT A-3

Date	Payee	Amount	Description
9/20/2012	LMI Insurance Company (intercompany reimb)	50.00	Fee to withdraw Securities on Deposit with State of Texas
9/21/2012	LMI Insurance Company (intercompany reimb)	25.00	Filing Fee for Cancellation of HVIC Surrendered License with State of Texas
9/26/2012	Comptroller of Public Records	20.00	Other Tax Fee - Texas Form 25-102 regarding surrender of Texas License
9/26/2012	Teledynamic Communications, Inc	402.55	Monthly charges affiliated with HVIC telephones
9/26/2012	All Covered	2,950.00	09/2012 Network Administration
9/26/2012	OmniTI Computer Consulting Inc	5,000.00	09/2012 Hosting Services - Fees
9/26/2012	Ohio Insurance - Office of Risk Assessment	9,138.31	ODI Examiners Fee (Hugo, Vicky)
9/26/2012	General Re-NEAM	6,250.00	7/1/2012-9/30/2012 Management Fee
9/26/2012	UPS	23.58	Shipping Charge for HVIC records from SF to OH - 9/19/12
9/26/2012	Deluxe for Business	208.13	HVIC Columbus Account - Checks, Deposit Tickets and Stamp
9/26/2012	Deputy Rehabilitators Loomis and Horn	7,727.44	Deputy Rehabilitator Travel & Accom. HVIC Intake Exp
9/26/2012	5 Liquidation Estates' Intercompany Alloc Reimb	26,305.15	HVIC Team Payroll Reimbursements
		58,100.16	

EXHIBIT B

TO

**APPLICATION FOR APPROVAL OF THE REHABILITATION PLAN
FOR HOME VALUE INSURANCE COMPANY**

EXHIBIT B-1
No Objection Scenario

HOME VALUE INSURANCE COMPANY, in REHABILITATION
RESERVE FOR FUTURE ADMINISTRATIVE EXPENSES
FOR THE PERIOD 9/24/2012 THROUGH CLOSE

			Note
Compensation:			
Salaries	$	18,177.28	1
Employee Benefits		742.08	2
Payroll and Other Taxes		1,410.38	3
Professional Fees:			
Tax Preparation and Audit Fees		2,000.00	4
Consulting Fees and Other Outside Contracts		13,013.15	5
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items		1,500.93	6
Postage, Freight, Telephone and Internet		1,223.04	7
Banking and Investment Expense		801.79	8
Other Expenses		256.93	9
PROJECTED ADMINISTRATIVE EXPENSES	$	39,125.58	

EXHIBIT B-1
No Objection Scenario

HOME VALUE INSURANCE COMPANY, in REHABILITATION
RESERVE FOR FUTURE ADMINISTRATIVE EXPENSES
FOR THE PERIOD 9/24/2012 THROUGH CLOSE

Note 1	**Salaries**		
	Chief Deputy and Deputy Rehabilitators	$	18,177.28
		$	**18,177.28**
Note 2	**Employee Benefits**		
	Salaries 401K Employer Contribution	$	501.20
	Employee Insurance Benefits		211.77
	Employee Related Expense - Other		29.11
		$	**742.08**
Note 3	**Payroll & Other Taxes**		
	Workers Compensation Insurance	$	19.81
	FICA Tax		1,390.57
		$	**1,410.38**
Note 4	**Tax Preparation and Audit Fees**		
	Audit Fees (final audit)	$	1,500.00
	Tax Return Preparation (2012 final)		500.00
		$	**2,000.00**
Note 5	**Consulting Fees and Other Outside Contracts**		
	OmniTI	$	13,000.00
	ADP		13.15
		$	**13,013.15**
Note 6	**Rent & Rent Items**		
	Rent on Leased Properties - Office Space	$	1,500.00
	Trash & Recycling		0.93
		$	**1,500.93**
Note 7	**Postage, Freight, Telephone and Internet**		
	Postage	$	606.60
	Express & Freight		34.01
	Office Telephone and Fax		24.19
	Internet - Internet Access		558.24
		$	**1,223.04**
Note 8	**Banking and Investment Expense**		
	Banking and Investment Expenses	$	801.79
		$	**801.79**
Note 9	**Other Expenses**		
	Office Supplies	$	2.88
	Furniture, Fixtures & Equip and Facility Maintenance & Repair		4.05
	Misc. Expenses		250.00
		$	**256.93**

EXHIBIT B-2
With Objection Scenario

HOME VALUE INSURANCE COMPANY, in REHABILITATION
RESERVE FOR FUTURE ADMINISTRATIVE EXPENSES
FOR THE PERIOD 9/24/2012 THROUGH CLOSE

			Note
Compensation:			
Salaries	$	20,010.21	1
Employee Benefits		797.07	2
Payroll and Other Taxes		1,550.60	3
Professional Fees:			
Tax Preparation and Audit Fees		2,000.00	4
Consulting Fees and Other Outside Contracts		13,013.15	5
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items		1,500.93	6
Postage, Freight, Telephone and Internet		1,223.04	7
Banking and Investment Expense		801.79	8
Other Expenses		256.93	9
PROJECTED ADMINISTRATIVE EXPENSES	$	41,153.72	

EXHIBIT B-2
With Objection Scenario

HOME VALUE INSURANCE COMPANY, in REHABILITATION
RESERVE FOR FUTURE ADMINISTRATIVE EXPENSES
FOR THE PERIOD 9/24/2012 THROUGH CLOSE

Note 1	**Salaries**		
	Chief Deputy and Deputy Rehabilitators	$	20,010.21
		$	**20,010.21**
Note 2	**Employee Benefits**		
	Salaries 401K Employer Contribution	$	556.19
	Employee Insurance Benefits		211.77
	Employee Related Expense - Other		29.11
		$	**797.07**
Note 3	**Payroll & Other Taxes**		
	Workers Compensation Insurance	$	19.81
	FICA Tax		1,530.79
		$	**1,550.60**
Note 4	**Tax Preparation and Audit Fees**		
	Audit Fees (final audit)	$	1,500.00
	Tax Return Preparation (2012 final)		500.00
		$	**2,000.00**
Note 5	**Consulting Fees and Other Outside Contracts**		
	OmniTI	$	13,000.00
	ADP		13.15
		$	**13,013.15**
Note 6	**Rent & Rent Items**		
	Rent on Leased Properties - Office Space	$	1,500.00
	Trash & Recycling		0.93
		$	**1,500.93**
Note 7	**Postage, Freight, Telephone and Internet**		
	Postage	$	606.60
	Express & Freight		34.01
	Office Telephone and Fax		24.19
	Internet - Internet Access		558.24
		$	**1,223.04**
Note 8	**Banking and Investment Expense**		
	Banking and Investment Expenses	$	801.79
		$	**801.79**
Note 9	**Other Expenses**		
	Office Supplies	$	2.88
	Furniture, Fixtures & Equip and Facility Maintenance & Repair		4.05
	Misc. Expenses		250.00
		$	**256.93**

EXHIBIT C

Subject to Court Approval - Application filed 9/28/2012

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
CALCULATION OF REHABILITATOR'S PAYMENTS TO PLAN POLICYHOLDERS

Policy #	Policyholder Name	Street	City	State	ZIP code	Policy Effective Date	Protected Home Value	Local Home Price Index at Policy Eff. Date	Local Home Price Index at 9/27/2012	Calculation of Home Price Index Decline	Protected Home Value Decline	Deductible 5% of Protected Home Value	Index Claim	Premium Paid Since Policy Issuance as of 9/27/2012	Rehabilitator Payment to Plan Policyholder (greater of $500, Index Claim or Premium Pd)
GA-3232159-P			DECATUR	GA	30033	4/4/2012	$417,000	114.81	104.98	0.0856	$35,695.20	$20,850	$14,845.20	$375.30	$14,845.20
GA-3421240-P			LILBURN	GA	30047	4/13/2012	$212,000	80.80	74.98	0.0720	$15,264.00	$10,600	$4,664.00	$127.20	$4,664.00
GA-3462283-P			MARIETTA	GA	30067	4/6/2012	$511,000	111.63	107.75	0.0348	$17,782.80	$25,550	$0.00	$459.90	$500.00
GA-3634600-P			KENNESAW	GA	30152	4/25/2012	$204,000	101.06	93.46	0.0752	$15,340.80	$10,200	$5,140.80	$183.60	$5,140.80
GA-3727300-P			ATLANTA	GA	30324	4/28/2012	$432,000	111.13	105.73	0.0486	$20,995.20	$21,600	$0.00	$324.00	$500.00
GA-3752044-P			ALPHARETTA	GA	30022	4/30/2012	$368,000	111.91	106.13	0.0516	$18,988.80	$18,400	$588.80	$276.00	$588.80
GA-3813562-P			ATLANTA	GA	30319	4/30/2012	$308,000	106.59	101.46	0.0481	$14,814.80	$15,400	$0.00	$231.00	$500.00
GA-3971077-P			MARIETTA	GA	30062	5/30/2012	$205,000	113.86	107.12	0.0592	$12,136.00	$10,250	$1,886.00	$123.00	$1,886.00
GA-4013842-P			CANTON	GA	30114	6/15/2012	$252,000	95.00	93.31	0.0178	$4,485.60	$12,600	$0.00	$151.20	$500.00
GA-4235752-P			CUMMING	GA	30040	3/14/2012	$337,000	102.35	99.25	0.0303	$10,211.10	$16,850	$0.00	$353.85	$500.00
GA-4237486-P			SUWANEE	GA	30024	4/18/2012	$260,000	94.91	92.10	0.0296	$7,696.00	$13,000	$0.00	$234.00	$500.00
GA-4238170-P			DOUGLASVILLE	GA	30135	3/20/2012	$362,000	76.99	64.87	0.1574	$56,978.80	$18,100	$38,878.80	$380.10	$38,878.80
GA-4248433-P			ACWORTH	GA	30102	3/30/2012	$117,000	113.25	102.98	0.0907	$10,611.90	$5,850	$4,761.90	$105.30	$4,761.90
GA-4248715-P			ATLANTA	GA	30360	4/12/2012	$326,000	118.53	112.06	0.0546	$17,799.60	$16,300	$1,499.60	$293.40	$1,499.60
GA-4250746-P			CONYERS	GA	30094	4/20/2012	$196,000	66.06	61.60	0.0675	$13,230.00	$9,800	$3,430.00	$176.40	$3,430.00
GA-4253491-P			ATLANTA	GA	30360	4/19/2012	$288,000	118.53	112.06	0.0546	$15,724.80	$14,400	$1,324.80	$259.20	$1,324.80
GA-4253779-P			WOODSTOCK	GA	30188	4/20/2012	$135,000	106.79	103.08	0.0347	$4,684.50	$6,750	$0.00	$121.50	$500.00
GA-4254196-P			CUMMING	GA	30028	4/20/2012	$305,000	104.26	103.63	0.0060	$1,830.00	$15,250	$0.00	$274.50	$500.00
GA-4254325-P			COVINGTON	GA	30016	4/20/2012	$121,000	60.95	57.18	0.0619	$7,489.90	$6,050	$1,439.90	$90.75	$1,439.90
GA-4254343-P			SUGAR HILL	GA	30518	4/22/2012	$217,000	90.01	88.60	0.0157	$3,406.90	$10,850	$0.00	$195.30	$500.00
GA-4256050-P			CANTON	GA	30114	4/27/2012	$432,000	95.00	93.31	0.0178	$7,689.60	$21,600	$0.00	$388.80	$500.00
GA-4262905-P			WARNER ROBINS	GA	31088	5/18/2012	$302,000	120.46	120.00	0.0038	$1,147.60	$15,100	$0.00	$597.96	$597.96
GA-4263154-P			KENNESAW	GA	30152	5/21/2012	$268,000	101.06	93.46	0.0752	$20,153.60	$13,400	$6,753.60	$254.60	$6,753.60
OH-0070948-P			COLUMBUS	OH	43240	10/22/2011	$149,000	113.30	108.00	0.0468	$6,973.20	$7,450	$0.00	$303.96	$500.00
OH-0144715-P			CLEVELAND	OH	44121	1/19/2012	$86,000	100.50	94.83	0.0564	$4,850.40	$4,300	$550.40	$193.50	$550.40
OH-0193426-P			CLEVELAND	OH	44124	12/3/2011	$206,000	100.90	94.83	0.0602	$12,401.20	$10,300	$2,101.20	$515.00	$2,101.20
OH-0224761-P			SHAKER HEIGHTS	OH	44122	12/12/2011	$135,500	100.90	94.83	0.0602	$8,157.10	$6,775	$1,382.10	$338.80	$1,382.10
OH-0251092-P			BEACHWOOD	OH	44122	12/20/2011	$155,000	100.90	94.83	0.0602	$9,331.00	$7,750	$1,581.00	$387.50	$1,581.00
OH-0331207-P			BRECKSVILLE	OH	44141	11/15/2011	$160,000	100.90	94.83	0.0602	$9,632.00	$8,000	$1,632.00	$440.00	$1,632.00
OH-0363145-P			CLEVELAND	OH	44124	12/15/2011	$243,000	100.90	94.83	0.0602	$14,628.60	$12,150	$2,478.60	$607.50	$2,478.60
OH-0416260-P			WESTERVILLE	OH	43081	10/18/2011	$80,000	118.60	117.15	0.0122	$976.00	$4,000	$0.00	$211.20	$500.00
OH-0451831-P			GAHANNA	OH	43230	2/14/2012	$324,000	113.90	109.80	0.0360	$11,664.00	$16,200	$0.00	$518.40	$518.40
OH-0515284-P			SHAKER HEIGHTS	OH	44122	11/25/2011	$162,000	100.90	94.83	0.0602	$9,752.40	$8,100	$1,652.40	$445.50	$1,652.40
OH-0599017-P			COLUMBUS	OH	43207	10/28/2011	$120,000	98.00	96.61	0.0142	$1,704.00	$6,000	$0.00	$240.00	$500.00
OH-0741010-P			COLUMBUS	OH	43221	12/9/2011	$174,000	129.40	130.43	-	$0.00	$0	$0.00	$382.80	$500.00
OH-0793216-P			CLEVELAND	OH	44121	10/21/2011	$89,000	100.90	94.83	0.0602	$5,357.80	$4,450	$907.80	$267.00	$907.80
OH-0804052-P			WILLOUGHBY	OH	44094	10/10/2011	$132,000	100.90	94.83	0.0602	$7,946.40	$6,600	$1,346.40	$363.00	$1,346.40
OH-0811087-P			COLUMBUS	OH	43213	11/14/2011	$254,000	90.80	92.34	-	$0.00	$0	$0.00	$558.80	$558.80
OH-0837067-P			MADISON	OH	44057	11/1/2011	$192,000	100.90	94.83	0.0602	$11,558.40	$9,600	$1,958.40	$528.00	$1,958.40
OH-0867772-P			BLACKLICK	OH	43004	10/3/2011	$188,000	109.90	108.00	0.0173	$3,252.40	$9,400	$0.00	$383.52	$500.00
OH-0873889-P			CHESTERLAND	OH	44026	10/26/2011	$177,000	100.90	94.83	0.0602	$10,655.40	$8,850	$1,805.40	$531.00	$1,805.40
OH-0990856-P			PAINESVILLE	OH	44077	11/14/2011	$122,000	100.90	94.83	0.0602	$7,344.40	$6,100	$1,244.40	$335.50	$1,244.40
OH-1054573-P			GROVE CITY	OH	43123	10/12/2011	$168,000	110.30	102.54	0.0704	$11,827.20	$8,400	$3,427.20	$403.20	$3,427.20
OH-1058191-P			LEWIS CENTER	OH	43035	10/24/2011	$226,000	113.30	108.00	0.0468	$10,576.80	$11,300	$0.00	$461.04	$500.00
OH-1058383-P			BRUNSWICK	OH	44212	10/14/2011	$241,000	100.90	94.83	0.0602	$14,508.20	$12,050	$2,458.20	$723.00	$2,458.20
OH-1109212-P			COLUMBUS	OH	43207	5/4/2012	$93,000	102.61	96.61	0.0585	$5,440.50	$4,650	$790.50	$74.40	$790.50
OH-1527436-P			HILLIARD	OH	43026	12/19/2011	$175,000	119.00	118.69	0.0026	$455.00	$8,750	$0.00	$385.00	$500.00
OH-1527994-P			TOLEDO	OH	43613	6/13/2012	$86,000	84.80	84.49	0.0037	$318.20	$4,300	$0.00	$141.90	$500.00

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
CALCULATION OF REHABILITATOR'S PAYMENTS TO PLAN POLICYHOLDERS

Policy #	Policyholder Name	Street	City	State	ZIP code	Policy Effective Date	Protected Home Value	Local Home Price Index at Policy Eff. Date	Local Home Price Index at 9/27/2012	Calculation of Home Price Index Decline	Protected Home Value Decline	Deductible 5% of Protected Home Value	Index Claim	Premium Paid Since Policy Issuance as of 9/27/2012	Rehabilitator Payment to Plan Policyholder (greater of $500, Index Claim or Premium Pd)
OH-1532293-P			TOLEDO	OH	43614	1/16/2012	$166,000	94.50	93.46	0.0110	$1,826.00	$8,300	$0.00	$224.10	$500.00
OH-1534711-P			LIMA	OH	45805	11/28/2011	$98,000	121.00	121.54	-	$0.00	$0	$0.00	$215.60	$500.00
OH-1612837-P			BREMEN	OH	43107	12/1/2011	$117,000	113.30	108.00	0.0468	$5,475.60	$5,850	$0.00	$198.90	$500.00
OH-1734625-P			PERRYSBURG	OH	43551	12/13/2011	$184,000	100.60	103.40	-	$0.00	$0	$0.00	$349.60	$500.00
OH-1830859-P			COLUMBUS	OH	43230	11/4/2011	$137,000	111.80	109.80	0.0179	$2,452.30	$6,850	$0.00	$301.40	$500.00
OH-1831093-P			CANAL WINCHESTER	OH	43110	11/2/2011	$135,000	92.60	95.17	-	$0.00	$0	$0.00	$326.70	$500.00
OH-1832731-P			DUBLIN	OH	43016	10/26/2011	$192,000	113.30	108.00	0.0468	$8,985.60	$9,600	$0.00	$391.68	$500.00
OH-1832995-P			NEW ALBANY	OH	43054	11/3/2011	$137,000	110.50	101.79	0.0788	$10,795.60	$6,850	$3,945.60	$301.40	$3,945.60
OH-1834180-P			POWELL	OH	43065	12/13/2011	$284,000	110.20	110.52	-	$0.00	$0	$0.00	$482.80	$500.00
OH-1834630-P			WESTERVILLE	OH	43081	5/18/2012	$206,000	119.09	117.15	0.0163	$3,357.80	$10,300	$0.00	$498.52	$500.00
OH-1834924-P			COLUMBUS	OH	43201	11/7/2011	$495,500	152.90	151.91	0.0065	$3,220.75	$24,775	$0.00	$1,199.11	$1,199.11
OH-1834963-P			COLUMBUS	OH	43230	11/3/2011	$121,000	111.80	109.80	0.0179	$2,165.90	$6,050	$0.00	$266.20	$500.00
OH-1835212-P			MIDDLETOWN	OH	45042	11/3/2011	$211,000	96.90	96.38	0.0054	$1,139.40	$10,550	$0.00	$580.25	$580.25
OH-1836622-P			DUBLIN	OH	43016	11/10/2011	$498,000	113.30	108.00	0.0468	$23,306.40	$24,900	$0.00	$931.26	$931.26
OH-1838227-P			PICKERINGTON	OH	43147	11/27/2011	$305,000	98.50	97.91	0.0060	$1,830.00	$15,250	$0.00	$570.35	$570.35
OH-1840465-P			COLUMBUS	OH	43232	12/2/2011	$74,000	91.20	91.66	-	$0.00	$0	$0.00	$162.80	$500.00
OH-1840513-P			WESTERVILLE	OH	43081	12/2/2011	$127,000	118.60	117.15	0.0122	$1,549.40	$6,350	$0.00	$279.40	$500.00
OH-1840987-P			HAMILTON	OH	45011	12/5/2011	$149,000	104.40	102.61	0.0171	$2,547.90	$7,450	$0.00	$372.50	$500.00
OH-1842865-P			COLUMBUS	OH	43229	12/14/2011	$136,000	121.30	120.41	0.0073	$992.80	$6,800	$0.00	$299.20	$500.00
OH-1843321-P			TOLEDO	OH	43614	3/30/2012	$277,000	94.52	93.46	0.0112	$3,102.40	$13,850	$0.00	$249.30	$500.00
OH-1844263-P			NEW ALBANY	OH	43054	12/13/2011	$301,000	110.50	101.79	0.0788	$23,718.80	$15,050	$8,668.80	$602.00	$8,668.80
OH-1844311-P			COLUMBUS	OH	43231	12/13/2011	$174,000	113.30	108.00	0.0468	$8,143.20	$8,700	$0.00	$295.00	$500.00
OH-1844335-P			COLUMBUS	OH	43232	12/14/2011	$75,000	91.20	91.66	-	$0.00	$0	$0.00	$148.50	$500.00
OH-1845793-P			COLUMBUS	OH	43206	12/19/2011	$18,000	109.70	108.35	0.0123	$221.40	$900	$0.00	$34.20	$500.00
OH-1846447-P			BROOKVILLE	OH	45309	12/27/2011	$87,000	93.30	94.93	-	$0.00	$0	$0.00	$174.00	$500.00
OH-1846933-P			NEW ALBANY	OH	43054	12/26/2011	$105,000	110.50	101.79	0.0788	$8,274.00	$5,250	$3,024.00	$210.00	$3,024.00
OH-1864291-P			BEACHWOOD	OH	44122	3/19/2012	$178,000	100.49	94.83	0.0563	$10,021.40	$8,900	$1,121.40	$311.50	$1,121.40
OH-1869955-P			DAYTON	OH	45424	2/15/2012	$116,000	103.20	97.71	0.0532	$6,171.20	$5,800	$371.20	$204.16	$500.00
OH-1872469-P			WESTLAKE	OH	44145	2/2/2012	$301,000	100.50	94.83	0.0564	$16,976.40	$15,050	$1,926.40	$602.00	$1,926.40
OH-1972972-P			ENON	OH	45323	3/6/2012	$109,000	117.31	114.77	0.0217	$2,365.30	$5,450	$0.00	$228.90	$500.00
OH-2014033-P			LIBERTY TWP	OH	45011	2/29/2012	$233,000	110.40	102.61	0.0706	$16,449.80	$11,650	$4,799.80	$407.75	$4,799.80
OH-2034613-P			WEST CHESTER	OH	45069	2/28/2012	$161,000	110.40	105.66	0.0429	$6,906.90	$8,050	$0.00	$281.75	$500.00
OH-2191585-P			GALLOWAY	OH	43119	2/3/2012	$153,000	114.30	110.22	0.0357	$5,462.10	$7,650	$0.00	$269.28	$500.00
OH-2215117-P			CINCINNATI	OH	45208	2/10/2012	$284,000	128.20	120.26	0.0619	$17,579.60	$14,200	$3,379.60	$681.60	$3,379.60
OH-2260198-P			BLACKLICK	OH	43004	1/3/2012	$175,000	113.90	108.00	0.0518	$9,065.00	$8,750	$315.00	$267.75	$500.00
OH-2345149-P			LEBANON	OH	45036	2/3/2012	$178,000	109.90	108.50	0.0127	$2,260.60	$8,900	$0.00	$356.00	$500.00
OH-2434777-P			CLEVELAND	OH	44129	4/25/2012	$98,000	97.36	94.83	0.0260	$2,548.00	$4,900	$0.00	$122.50	$500.00
OH-2452504-P			DAYTON	OH	45424	3/2/2012	$82,000	102.67	97.71	0.0483	$3,960.60	$4,100	$0.00	$126.28	$500.00
OH-2584861-P			TOLEDO	OH	43614	2/3/2012	$147,000	94.50	93.46	0.0110	$1,617.00	$7,350	$0.00	$176.40	$500.00
OH-2640349-P			MAPLE HEIGHTS	OH	44137	3/8/2012	$87,000	100.49	94.83	0.0563	$4,898.10	$4,350	$548.10	$152.25	$548.10
OH-2656555-P			UNIVERSITY HEIGHTS	OH	44118	3/16/2012	$142,000	100.49	94.83	0.0563	$7,994.60	$7,100	$894.60	$248.50	$894.60
OH-2833042-P			TOLEDO	OH	43613	2/1/2012	$101,000	82.90	84.49	-	$0.00	$0	$0.00	$121.20	$500.00
OH-2900113-P			CINCINNATI	OH	45219	1/31/2012	$76,000	109.70	103.61	0.0555	$4,218.00	$3,800	$418.00	$152.00	$500.00
OH-2907028-P			WADSWORTH	OH	44281	1/4/2012	$401,000	100.50	94.83	0.0564	$22,616.40	$20,050	$2,566.40	$902.25	$2,566.40
OH-2907220-P			CLEVELAND	OH	44109	1/5/2012	$181,000	100.50	94.83	0.0564	$10,208.40	$9,050	$1,158.40	$181.00	$1,158.40
OH-2908762-P			BROOKVILLE	OH	45309	1/16/2012	$110,000	93.40	94.93	-	$0.00	$0	$0.00	$242.00	$500.00
OH-2910751-P			GROVE CITY	OH	43123	2/24/2012	$203,000	108.70	102.54	0.0567	$11,510.10	$10,150	$1,360.10	$324.80	$1,360.10
OH-2911378-P			COLUMBUS	OH	43213	1/25/2012	$199,000	94.80	92.34	0.0259	$5,154.10	$9,950	$0.00	$358.20	$500.00

EXHIBIT C

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
CALCULATION OF REHABILITATOR'S PAYMENTS TO PLAN POLICYHOLDERS

Policy #	Policyholder Name	Street	City	State	ZIP code	Policy Effective Date	Protected Home Value	Local Home Price Index at Policy Eff. Date	Local Home Price Index at 9/27/2012	Calculation of Home Price Index Decline	Protected Home Value Decline	Deductible 5% of Protected Home Value	Index Claim	Premium Paid Since Policy Issuance as of 9/27/2012	Rehabilitator Payment to Plan Policyholder (greater of $500, Index Claim or Premium Pd)
OH-2912449-P			CLEVELAND	OH	44135	1/27/2012	$122,000	100.30	94.83	0.0545	$6,649.00	$6,100	$549.00	$274.50	$549.00
OH-2912476-P			BLACKLICK	OH	43004	1/28/2012	$97,000	113.40	108.00	0.0476	$4,617.20	$4,850	$0.00	$131.92	$500.00
OH-2914318-P			CLEVELAND	OH	44102	2/1/2012	$60,000	100.30	94.83	0.0545	$3,270.00	$3,000	$270.00	$120.00	$500.00
OH-2915899-P			PICKERINGTON	OH	43147	2/3/2012	$160,000	101.30	97.91	0.0335	$5,360.00	$8,000	$0.00	$217.60	$500.00
OH-2916718-P			TOLEDO	OH	43614	2/21/2012	$130,000	94.20	93.46	0.0079	$1,027.00	$6,500	$0.00	$156.00	$500.00
OH-2923276-P			TOLEDO	OH	43615	6/15/2012	$135,000	92.64	92.88	-	$0.00	$0	$0.00	$81.00	$500.00
OH-2924779-P			ELMORE	OH	43416	2/17/2012	$112,000	97.50	96.88	0.0064	$716.80	$5,600	$0.00	$197.12	$500.00
OH-2925025-P			AKRON	OH	44301	2/21/2012	$96,000	96.60	86.75	0.1020	$9,792.00	$4,800	$4,992.00	$130.56	$4,992.00
OH-2928754-P			COLUMBUS	OH	43211	2/27/2012	$60,000	120.90	117.07	0.0317	$1,902.00	$3,000	$0.00	$86.40	$500.00
OH-2930290-P			WHITEHOUSE	OH	43571	4/3/2012	$196,000	98.43	98.54	-	$0.00	$0	$0.00	$176.40	$500.00
OH-2933545-P			FRANKLIN	OH	45005	4/18/2012	$86,000	102.38	101.53	0.0083	$713.80	$4,300	$0.00	$107.50	$500.00
OH-2935177-P			WESTERVILLE	OH	43082	3/9/2012	$282,000	113.43	108.00	0.0479	$13,507.80	$14,100	$0.00	$335.58	$500.00
OH-3064525-P			CLEVELAND	OH	44130	5/9/2012	$99,000	97.21	94.83	0.0245	$2,425.50	$4,950	$0.00	$123.75	$500.00
OH-3065527-P			NORTH ROYALTON	OH	44133	4/26/2012	$357,000	97.21	94.83	0.0245	$8,746.50	$17,850	$0.00	$446.25	$500.00
OH-3087097-P			MAINEVILLE	OH	45039	3/30/2012	$317,000	107.84	105.63	0.0205	$6,498.50	$15,850	$0.00	$475.50	$500.00
OH-3214831-P			GROVE CITY	OH	43123	4/25/2012	$301,000	107.86	102.54	0.0493	$14,839.30	$15,050	$0.00	$361.20	$500.00
OH-3488857-P			CINCINNATI	OH	45251	4/13/2012	$259,000	103.72	100.03	0.0356	$9,220.40	$12,950	$0.00	$466.20	$500.00
OH-3542152-P			KENT	OH	44240	4/30/2012	$220,000	111.78	110.53	0.0112	$2,464.00	$11,000	$0.00	$167.20	$500.00
OH-3585163-P			BEACHWOOD	OH	44122	4/23/2012	$351,000	97.21	94.83	0.0245	$8,599.50	$17,550	$0.00	$526.50	$526.50
OH-3831415-P			COLUMBUS	OH	43221	4/12/2012	$195,000	130.90	130.43	0.0036	$702.00	$9,750	$0.00	$214.50	$500.00
OH-4235161-P			MIDDLETOWN	OH	45044	3/12/2012	$116,000	109.17	101.59	0.0694	$8,050.40	$5,800	$2,250.40	$203.00	$2,250.40
OH-4241866-P			MASON	OH	45040	4/20/2012	$202,000	112.42	109.64	0.0247	$4,989.40	$10,100	$0.00	$303.00	$500.00
OH-4246465-P			MENTOR	OH	44060	3/26/2012	$273,000	100.34	94.83	0.0549	$14,987.70	$13,650	$1,337.70	$477.75	$1,337.70
OH-4247533-P			CINCINNATI	OH	45246	4/4/2012	$96,000	115.68	109.19	0.0561	$5,385.60	$4,800	$585.60	$172.80	$585.60
OH-4248553-P			WEST CHESTER	OH	45069	3/29/2012	$219,000	110.02	105.66	0.0396	$8,672.40	$10,950	$0.00	$328.50	$500.00
OH-4248718-P			TOLEDO	OH	43614	4/2/2012	$158,000	94.15	93.46	0.0073	$1,153.40	$7,900	$0.00	$142.20	$500.00
OH-4248721-P			TOLEDO	OH	43614	4/11/2012	$135,000	94.15	93.46	0.0073	$985.50	$6,750	$0.00	$121.50	$500.00
OH-4248724-P			TOLEDO	OH	43614	4/20/2012	$103,000	94.15	93.46	0.0073	$751.90	$5,150	$0.00	$92.70	$500.00
OH-4249243-P			GROVE CITY	OH	43123	4/3/2012	$246,000	108.65	102.54	0.0562	$13,825.20	$12,300	$1,525.20	$295.20	$1,525.20
OH-4249381-P			PERRYSBURG	OH	43551	4/2/2012	$147,000	103.60	103.40	0.0019	$279.30	$7,350	$0.00	$167.58	$500.00
OH-4249468-P			TOLEDO	OH	43614	4/18/2012	$193,000	94.15	93.46	0.0073	$1,408.90	$9,650	$0.00	$173.70	$500.00
OH-4252543-P			AKRON	OH	44320	4/23/2012	$75,000	95.37	95.51	-	$0.00	$0	$0.00	$67.50	$500.00
OH-4253107-P			DUBLIN	OH	43017	4/20/2012	$267,000	120.51	121.05	-	$0.00	$0	$0.00	$352.44	$500.00
OH-4253236-P			FREMONT	OH	43420	4/18/2012	$185,000	102.07	100.30	0.0173	$3,200.50	$9,250	$0.00	$244.20	$500.00
OH-4253260-P			WESTERVILLE	OH	43082	4/18/2012	$305,000	108.72	108.00	0.0066	$2,013.00	$15,250	$0.00	$311.10	$500.00
OH-4253377-P			COLUMBUS	OH	43213	4/18/2012	$148,000	97.32	92.34	0.0512	$7,577.60	$7,400	$177.60	$177.60	$500.00
OH-4253410-P			AKRON	OH	44319	4/20/2012	$59,000	94.46	96.74	-	$0.00	$0	$0.00	$37.76	$500.00
OH-4253422-P			MEDINA	OH	44256	4/20/2012	$104,000	97.21	94.83	0.0245	$2,548.00	$5,200	$0.00	$156.00	$500.00
OH-4253599-P			COLUMBUS	OH	43207	4/19/2012	$53,000	102.61	96.61	0.0585	$3,100.50	$2,650	$450.50	$42.40	$500.00
OH-4253764-P			WESTERVILLE	OH	43081	4/20/2012	$148,000	119.09	117.15	0.0163	$2,412.40	$7,400	$0.00	$195.36	$500.00
OH-4253770-P			HILLIARD	OH	43026	4/20/2012	$205,000	118.44	118.69	-	$0.00	$0	$0.00	$270.60	$500.00
OH-4253827-P			MAINEVILLE	OH	45039	4/20/2012	$176,000	108.45	105.63	0.0260	$4,576.00	$8,800	$0.00	$264.00	$500.00
OH-4253857-P			CINCINNATI	OH	45241	4/20/2012	$156,000	111.12	107.17	0.0355	$5,538.00	$7,800	$0.00	$280.80	$500.00
OH-4253962-P			CINCINNATI	OH	45249	4/20/2012	$148,000	116.73	112.59	0.0355	$5,254.00	$7,400	$0.00	$266.40	$500.00
OH-4253986-P			WEST CHESTER	OH	45069	4/20/2012	$152,000	108.67	105.66	0.0277	$4,210.40	$7,600	$0.00	$228.00	$500.00
OH-4254004-P			FAIRFIELD	OH	45014	4/20/2012	$138,000	103.47	98.99	0.0433	$5,975.40	$6,900	$0.00	$207.00	$500.00
OH-4254010-P			CINCINNATI	OH	45231	4/20/2012	$223,000	104.23	100.53	0.0355	$7,916.50	$11,150	$0.00	$401.40	$500.00
OH-4254034-P			LOVELAND	OH	45140	4/20/2012	$191,000	108.87	104.84	0.0370	$7,067.00	$9,550	$0.00	$343.80	$500.00

EXHIBIT C

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
CALCULATION OF REHABILITATOR'S PAYMENTS TO PLAN POLICYHOLDERS

Policy #	Policyholder Name	Street	City	State	ZIP code	Policy Effective Date	Protected Home Value	Local Home Price Index at Policy Eff. Date	Local Home Price Index at 9/27/2012	Calculation of Home Price Index Decline	Protected Home Value Decline	Deductible 5% of Protected Home Value	Index Claim	Premium Paid Since Policy Issuance as of 9/27/2012	Rehabilitator Payment to Plan Policyholder (greater of $500, Index Claim or Premium Pd)
OH-4254046-P			COLUMBUS	OH	43232	4/20/2012	$90,000	96.46	91.66	0.0498	$4,482.00	$4,500	$0.00	$99.00	$500.00
OH-4254088-P			MASON	OH	45040	4/20/2012	$170,000	112.42	109.64	0.0247	$4,199.00	$8,500	$0.00	$255.00	$500.00
OH-4254148-P			CINCINNATI	OH	45231	4/20/2012	$130,000	104.23	100.53	0.0355	$4,615.00	$6,500	$0.00	$234.00	$500.00
OH-4254184-P			COLUMBUS	OH	43229	4/20/2012	$74,000	121.55	120.41	0.0094	$695.60	$3,700	$0.00	$81.40	$500.00
OH-4254304-P			DUBLIN	OH	43017	4/20/2012	$241,000	120.51	121.05	-	$0.00	$0	$0.00	$318.12	$500.00
OH-4254394-P			CANTON	OH	44709	4/27/2012	$73,000	104.07	102.45	0.0156	$1,138.80	$3,650	$0.00	$65.70	$500.00
OH-4258489-P			FAIRFIELD	OH	45014	5/8/2012	$142,000	103.47	98.99	0.0433	$6,148.60	$7,100	$0.00	$142.00	$500.00
OH-4262893-P			AKRON	OH	44319	5/18/2012	$300,000	94.46	96.74	-	$0.00	$0	$0.00	$528.00	$528.00
OH-4263940-P			NORTHWOOD	OH	43619	5/24/2012	$423,000	110.51	108.18	0.0211	$8,925.30	$21,150	$0.00	$528.75	$528.75
OH-4264045-P			CLEVELAND	OH	44103	6/4/2012	$62,000	97.21	94.83	0.0245	$1,519.00	$3,100	$0.00	$150.04	$500.00
OH-4264216-P			COLUMBUS	OH	43207	5/31/2012	$60,000	102.61	96.61	0.0585	$3,510.00	$3,000	$510.00	$145.20	$510.00
OH-4265524-P			COLUMBUS	OH	43207	5/31/2012	$107,000	102.61	96.61	0.0585	$6,259.50	$5,350	$909.50	$70.62	$909.50
OH-4265960-P			GROVE CITY	OH	43123	6/12/2012	$183,000	107.86	102.54	0.0493	$9,021.90	$9,150	$0.00	$161.04	$500.00
OH-4266250-P			COLUMBUS	OH	43232	6/18/2012	$63,000	96.46	91.66	0.0498	$3,137.40	$3,150	$0.00	$50.40	$500.00
OH-4266515-P			CLEVELAND	OH	44111	6/22/2012	$116,000	97.21	94.83	0.0245	$2,842.00	$5,800	$0.00	$102.08	$500.00
OH-4266743-P			CINCINNATI	OH	45215	6/28/2012	$81,400	116.86	112.71	0.0355	$2,889.70	$4,070	$0.00	$61.05	$500.00
OK-2927593-P			TULSA	OK	74132	2/23/2012	$119,000	133.10	133.65	-	$0.00	$0	$0.00	$180.88	$500.00
OK-3846502-P			TULSA	OK	74104	4/27/2012	$89,000	134.51	133.65	0.0064	$569.60	$4,450	$0.00	$101.46	$500.00
OK-3962068-P			BIXBY	OK	74008	4/20/2012	$237,000	134.51	133.65	0.0064	$1,516.80	$11,850	$0.00	$270.18	$500.00
OK-4247110-P			BIXBY	OK	74008	4/6/2012	$191,000	134.51	133.65	0.0064	$1,222.40	$9,550	$0.00	$217.74	$500.00
OK-4249147-P			MOORE	OK	73160	3/30/2012	$132,000	143.20	145.48	-	$0.00	$0	$0.00	$158.40	$500.00
OK-4249318-P			OKLAHOMA CITY	OK	73118	3/30/2012	$383,000	143.20	145.48	-	$0.00	$0	$0.00	$459.60	$500.00
OK-4252645-P			OKLAHOMA CITY	OK	73111	4/17/2012	$44,000	145.86	145.48	0.0026	$114.40	$2,200	$0.00	$52.80	$500.00
OK-4255345-P			CHOCTAW	OK	73020	4/25/2012	$87,000	145.86	145.48	0.0026	$226.20	$4,350	$0.00	$104.40	$500.00
OK-4260364-P			OKLAHOMA CITY	OK	73116	5/24/2012	$98,000	145.86	145.48	0.0026	$254.80	$4,900	$0.00	$183.26	$500.00
OK-4264999-P			OKLAHOMA CITY	OK	73112	6/1/2012	$88,000	145.86	145.48	0.0026	$228.80	$4,400	$0.00	$44.88	$500.00
OK-4266697-P			BIXBY	OK	74008	6/27/2012	$333,000	134.51	133.65	0.0064	$2,131.20	$16,650	$0.00	$213.12	$500.00
															$220,121.38