

QUARTERLY STATEMENT

OF THE

National Mortgage Insurance Corporation

of **Emeryville**

in the state of **California**

TO THE

Insurance Department

OF THE

STATE OF

Wisconsin

FOR THE QUARTER ENDED

June 30, 2013

PROPERTY AND CASUALTY

2013



QUARTERLY STATEMENT

AS OF JUNE 30, 2013

OF THE CONDITION AND AFFAIRS OF THE

National Mortgage Insurance Corporation

NAIC Group Code <u>4760</u> , <u>4760</u> <small>(current period) (prior period)</small>	NAIC Company Code <u>13695</u>	Employer's ID Number <u>27-0471418</u>
Organized under the Laws of <u>Wisconsin</u>	State of Domicile or Port of Entry <u>Wisconsin</u>	
Country of Domicile <u>United States of America</u>		
Incorporated/Organized <u>June 30, 2009</u>	Commenced Business <u>May 4, 2013</u>	
Statutory Home Office <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, California, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
Main Administrative Office <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, California, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
<u>Emeryville, California, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	<u>(855)873-2584</u> <small>(Area Code)(Telephone Number)</small>	
Mail Address <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, California, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
Primary Location of Books and Records <u>2100 Powell Street, 12th Floor</u> <small>(Street and Number)</small>	<u>Emeryville, California, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	
<u>Emeryville, California, US 94608</u> <small>(City or Town, State, Country and Zip Code)</small>	<u>(855)873-2584</u> <small>(Area Code)(Telephone Number)</small>	
Internet Website Address <u>www.nationalmi.com</u>		
Statutory Statement Contact <u>Brian McIntosh</u> <small>(Name)</small>	<u>(510)858-0403</u> <small>(Area Code)(Telephone Number)</small>	
<u>brian.mcintosh@nationalmi.com</u> <small>(E-Mail Address)</small>	<u>(510)225-3832</u> <small>(Fax Number)</small>	

OFFICERS

Name	Title
1. <u>Bradley M Shuster</u>	<u>Chief Executive Officer and President</u>
2. <u>Glen S Corso</u>	<u>General Counsel and Assistant Secretary</u>
3. <u>John (Jay) M Sherwood, Jr.</u>	<u>Chief Financial Officer and Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Patrick L Mathis</u>	<u>EVP, Chief Risk Officer</u>	<u>Stanley M Pachura</u>	<u>EVP, Chief Information Officer</u>
<u>Peter C Pannes</u>	<u>EVP, Chief Sales Officer</u>	<u>Michael J Dirrane #</u>	<u>SVP, National Accounts & GSE Relations</u>
<u>Christopher G Brunetti</u>	<u>SVP, Deputy General Counsel, Secretary</u>	<u>Claudia J Merkle</u>	<u>SVP, Customer Operations & Underwriting</u>
<u>Joseph M Francesconi</u>	<u>VP, Controller</u>	<u>Bridget E Williams</u>	<u>SVP, Field Sales</u>

DIRECTORS OR TRUSTEES

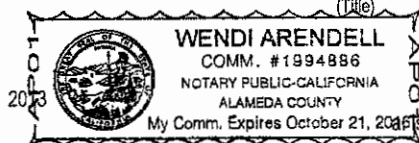
<u>Patrick L Mathis</u>	<u>Stanley M Pachura</u>	<u>Peter C Pannes</u>	<u>Claudia J Merkle #</u>
<u>Bradley M Shuster</u>	<u>Glen S Corso</u>	<u>John (Jay) M Sherwood, Jr.</u>	

State of California
County of Alameda ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

 _____ (Signature) <u>Bradley M Shuster</u> (Printed Name) 1. Chief Executive Officer and President (Title)	 _____ (Signature) <u>Christopher G Brunetti</u> (Printed Name) 2. Deputy General Counsel and Secretary (Title)	 _____ (Signature) <u>John (Jay) M Sherwood, Jr.</u> (Printed Name) 3. Chief Financial Officer and Treasurer (Title)
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Subscribed and sworn to before me this
9th day of August
Wendi Arendell
(Notary Public Signature)



Is this an original filing? Yes[X] No []

b. If no: 1. State the amendment number 0
2. Date filed _____
3. Number of pages attached 0

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	185,777,147		185,777,147	
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	10,032,917		10,032,917	10,000,107
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 8,792,037), cash equivalents (\$ 0), and short-term investments (\$ 876,504)	9,668,541		9,668,541	200,002,044
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	205,478,605		205,478,605	210,002,151
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	960,190		960,190	1,542
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	676		676	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	2,037,281		2,037,281	
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	208,476,752		208,476,752	210,003,693
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	208,476,752		208,476,752	210,003,693

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses				
2502. Escrow and other receivables				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 0)		
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	134	
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	8,403,299	
20. Derivatives		
21. Payable for securities	91	
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	1,142	
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	8,404,666	
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	8,404,666	
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,530,000	2,530,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	210,492,345	216,118,760
35. Unassigned funds (surplus)	(12,950,259)	(8,645,067)
36. Less treasury stock, at cost:		
36.1. 0 shares common (value included in Line 30 \$ 0)		
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	200,072,086	210,003,693
38. Totals (Page 2, Line 28, Col. 3)	208,476,752	210,003,693

DETAILS OF WRITE-IN LINES		
2501. Statutory Contingency Reserve	1,142	
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,142	
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

NONE

NONE

STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 1,037)	1,037		
1.2 Assumed (written \$ 0)			
1.3 Ceded (written \$ 135)	164		
1.4 Net (written \$ 902)	873		
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 0):			
2.1 Direct			
2.2 Assumed			
2.3 Ceded			
2.4 Net			
3. Loss adjustment expenses incurred			
4. Other underwriting expenses incurred	13,905,515	21,347	21,347
5. Aggregate write-ins for underwriting deductions	1,142		
6. Total underwriting deductions (Lines 2 through 5)	13,906,657	21,347	21,347
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(13,905,784)	(21,347)	(21,347)
INVESTMENT INCOME			
9. Net investment income earned	671,157	(107)	3,479
10. Net realized capital gains (losses) less capital gains tax of \$ 0	269,290		
11. Net investment gain (loss) (Lines 9 + 10)	940,447	(107)	3,479
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income	29		
15. Total other income (Lines 12 through 14)	29		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(12,965,308)	(21,454)	(17,868)
17. Dividends to policyholders			
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(12,965,308)	(21,454)	(17,868)
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	(12,965,308)	(21,454)	(17,868)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	210,003,693	(1,449,562)	(1,449,562)
22. Net income (from Line 20)	(12,965,308)	(21,454)	(17,868)
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	32,810		107
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	3,000,891	(86,145)	(86,145)
28. Change in provision for reinsurance			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in		2,529,990	2,529,990
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in		209,029,591	209,029,591
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus		(2,420)	(2,420)
38. Change in surplus as regards policyholders (Lines 22 through 37)	(9,931,607)	211,449,562	211,453,255
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	200,072,086	210,000,000	210,003,693

DETAILS OF WRITE-IN LINES			
0501. Statutory Contingency Reserve	1,142		
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)	1,142		
1401. Ceding Commission	29		
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	29		
3701. Other		(2,420)	(2,420)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		(2,420)	(2,420)

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	331		
2. Net investment income	82,232	(107)	1,937
3. Miscellaneous income	29		
4. Total (Lines 1 to 3)	82,592	(107)	1,937
5. Benefit and loss related payments			
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	13,906,658	21,347	21,347
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	13,906,658	21,347	21,347
11. Net cash from operations (Line 4 minus Line 10)	(13,824,066)	(21,454)	(19,410)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	54,191,304		
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds	91		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	54,191,395		
13. Cost of investments acquired (long-term only):			
13.1 Bonds	240,068,883		
13.2 Stocks		10,000,000	10,000,000
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)	240,068,883	10,000,000	10,000,000
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(185,877,488)	(10,000,000)	(10,000,000)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock		210,000,000	210,000,000
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	9,368,051	4,626	4,626
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	9,368,051	210,004,626	210,004,626
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(190,333,503)	199,983,172	199,985,216
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	200,002,044	16,828	16,828
19.2 End of period (Line 18 plus Line 19.1)	9,668,541	200,000,000	200,002,044

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001	Net assets contributed upon ownership change		1,319,821	1,319,821
20.0002	Note payable paid by parent		239,760	239,760
20.0003				

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of National Mortgage Insurance Corporation (“NMIC” or the “Company”), are presented on the basis of accounting practices prescribed or permitted by the Wisconsin Office of the Commissioner of Insurance (“OCI”).

The OCI recognizes only statutory accounting practices prescribed or permitted by the State of Wisconsin for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Wisconsin Insurance Statutes. The National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures* manual, version effective January 1, 2001, (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State of Wisconsin. The state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. As of June 30, 2013, the Company did not have any balances or transactions that were affected by these differences. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

The Company had no net income and capital and surplus that created differences between NAIC SAP and practices prescribed and permitted by the State of Wisconsin.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

No significant change from year-end 2012.

2. Accounting Changes and Corrections of Errors

No significant change from year-end 2012.

3. Business Combinations and Goodwill

No significant change from year-end 2012.

4. Discontinued Operations

No significant change from year-end 2012.

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

No significant change from year-end 2012.

B. Debt Restructuring

No significant change from year-end 2012.

C. Reverse Mortgages

No significant change from year-end 2012.

D. Loan-Backed Securities

(1) The Company uses widely accepted models for prepayment assumptions in valuing loan-backed securities with inputs from major third party data providers. The Company’s investment policy expressly prohibits investments in mortgage-backed securities, however permits investment in loan-backed securities including: auto loan, credit card, student loan and other highly rated loan-backed securities.

(2) The Company has not recognized any other-than-temporary impairments.

(3) The Company has not recognized any other-than-temporary impairments.

(4) The Company's portfolio does not have any unrealized losses on loan-backed securities as of June 30, 2013.

(5) The Company's portfolio does not have any unrealized losses on loan-backed securities as of June 30, 2013.

E. Repurchase Agreements and/or Securities Lending Transactions

No significant change from year-end 2012.

F. Write Downs for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations and Real Estate with Participating Mortgage Loan Features

No significant change from year-end 2012.

G. Low-income housing tax credits (“LIHTC”)

No significant change from year-end 2012.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change from year-end 2012.

NOTES TO FINANCIAL STATEMENTS

7. Investment Income

In January 2013, the Federal National Mortgage Association, commonly known as Fannie Mae, and the Federal Home Loan Mortgage Corporation, commonly known as Freddie Mac, approved NMIC as a qualified mortgage insurance provider (collectively “GSE Approval”). Upon GSE approval, the Company began investing its investment portfolio according to the Company’s investment policies and guidelines. Those investment policies and guidelines conform to the Wisconsin Administrative Code 6.20 (5), which imposes investment restrictions on the Company for the first five years from issuance of its certificate of authority. Additionally, all securities in the portfolio must be U.S. dollar-denominated and have the NAIC '1' or '2' designation or investment grade rating by Moody's, Standard & Poor's or Fitch at time of purchase.

8. Derivative Instruments

No significant change from year-end 2012.

9. Income Taxes

No significant change from year-end 2012.

10. Information Concerning Parent, Subsidiaries, and Other Related Parties

A. Nature of Relationships

NMIC and National Mortgage Reinsurance Inc One (“NMRI One”) are wholly-owned by MAC Financial Holding Corporation, which, prior to April 24, 2012, was wholly-owned by MAC Financial Ltd., a Bermuda holding company.

National Mortgage Reinsurance Inc Two (“NMRI Two”) is wholly-owned by the Company.

On April 24, 2012, MAC Financial Holding Corporation was acquired by NMI Holdings, Inc., a Delaware corporation (“NMI”). For additional information see *Note 21 - Other Items - A - Extraordinary*.

B. Detail of Transactions Greater than ½% of Admitted Assets

In April of 2013, the Company issued its first insurance policies. At that time, the Company placed internally developed software assets, with a value of \$3,000,891 into service and began to record depreciation. Previously, these assets had been non-admitted. The Company evaluated the admissibility of these assets per the guidance found in Statement of Statutory Accounting Principles No. 16 - Revised, *Electronic Data Processing Equipment and Accounting for Software*. Accordingly, the Company admitted the full value of \$3,000,891 at June 30, 2013.

C. Change in Terms of Intercompany Arrangements

See Note 21 - Other Items - A - Extraordinary.

D. Amounts Due to or from Related Parties

Commencing on February 1, 2013, NMI began allocating expenses to the Company per the Cost Allocation Agreement. As of June 30, 2013, the Company reported \$8.4 million due to affiliated companies, the entire amount of which is contractually obligated to be paid within 60 days after quarter-end. *See Note 21 - A - Extraordinary Items.*

E. Guarantees or Undertaking for Related Parties

No significant change from year-end 2012.

F. Management, Service contracts, Cost Sharing Arrangements

See Note 21 - Other Items - A - Extraordinary.

G. Nature of Relationships that Could Affect Operations

See Note 21 - Other Items - A - Extraordinary.

H. Amount deducted for investment in Upstream Company

No significant change from year-end 2012.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

No significant change from year-end 2012.

J. Write downs for Impairment of Investments in Affiliates

No significant change from year-end 2012.

K. Foreign Subsidiary Valued Using CARVM

No significant change from year-end 2012.

L. Downstream Holding Company Valued Using Look-Through Method

No significant change from year-end 2012.

11. Debt

No significant change from year-end 2012.

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

No significant change from year-end 2012.

NOTES TO FINANCIAL STATEMENTS

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares

The company has 63,250,000 shares of \$0.04 par value, common stock authorized and 63,250,000 issued and outstanding. The Company has no preferred stock authorized, issued or outstanding. *See Note 21 - Other Items - A - Extraordinary.*

B. Dividend Rate of Preferred Stock

No significant change from year-end 2012.

C. Dividend Restrictions

The Company's ability to pay dividends to its parent is limited by insurance laws of the State of Wisconsin and certain other states. Wisconsin law provides that the Company may pay out dividends without the prior approval of the Wisconsin Commissioner of Insurance ("ordinary dividends") in an amount, when added to other shareholder distributions made in the prior 12 months, not to exceed the lesser of (a) 10% of the insurer's surplus as regards to policyholders as of the prior December 31, or (b) its net income (excluding realized capital gains) for the twelve month period ending December 31 of the immediately preceding calendar year. In determining net income, an insurer may carry forward net income from the previous calendar years that has not already been paid out as a dividend. Dividends that exceed this amount are "extraordinary dividends", which require prior approval of the Wisconsin Commissioner. California prohibits dividends except from undivided profits remaining on hand over and above its paid-in capital, paid-in surplus and contingency reserves. Additionally, statutory minimum capital requirements may limit the amount of dividend that the Company may pay. For example, the State of Florida requires mortgage guaranty insurers to hold capital and surplus not less than the lesser of (i) 10% of its total liabilities, or (ii) \$100 million. Although NMIC is not currently licensed in the State of Florida, the Company has applied for a license there.

The Company has not paid or declared any ordinary dividends. In connection with its admission to several states, the Company entered into commitments with the Alabama Department of Insurance, the Arizona Department of Insurance, the California Insurance Department, the Missouri Department of Insurance, the New York State Department of Financial Services, the Ohio Department of Insurance, and the Texas Commissioner of Insurance not to pay or declare any dividends for the three year period ending January 16, 2016. The Company may enter into similar commitments with other state insurance departments. *See Note 21 - Other Items - A - Extraordinary.*

In addition to the foregoing state dividend limitations, the Company is prohibited from paying any shareholder dividends until December 31, 2015 by separate agreement with Fannie Mae and Freddie Mac (collectively the "GSE's").

D. Dates and Amounts of Dividends Paid

No significant change from year-end 2012.

E. Amount of Ordinary Dividends That May Be Paid

See Item C - Dividend Restrictions above.

F. Restrictions of Unassigned Funds

No significant change from year-end 2012.

G. Mutual Surplus Advances

No significant change from year-end 2012.

H. Company Stock held for Special Purposes

No significant change from year-end 2012.

I. Changes in Special Funds

No significant change from year-end 2012.

J. Changes in Unassigned Funds

No significant change from year-end 2012.

K. Surplus Notes

No significant change from year-end 2012.

L. The impact of any restatement due to prior quasi-reorganizations

On April 19, 2013, NMIC received approval from the Wisconsin Commissioner of Insurance to record a quasi-reorganization during the first quarter of 2013 to reclassify the cumulative net losses of \$5.6 million generated prior to acquisition in the second quarter of 2012. The adjustment had the following effect on unassigned funds. Gross paid-in and contributed funds remained unchanged:

Beginning unassigned funds balance at 12/31/12	\$ (8,645,067)
Net Loss cumulative and prior to 6/30/12	5,626,415
Ending unassigned funds balance at 12/31/12	\$ (3,018,652)

The ending adjusted unassigned funds balance at 12/31/12 of \$3,018,652 consists of \$3,000,891 in non-admitted EDP, net losses of \$17,868, and a change in unrealized capital gains of \$107. The offset running through Gross paid in and contributed surplus is:

NOTES TO FINANCIAL STATEMENTS

Beginning gross paid in and contributed surplus at 12/31/12	\$ 216,118,168
Net Loss cumulative and prior to 6/30/12	<u>(5,626,415)</u>
Adjusted gross paid in and contributed surplus at 12/31/12	<u>\$ 210,492,345</u>

Assets and liabilities were not changed by this adjustment. Surplus as regards policyholders also remained unchanged at \$210 million. The quasi-reorganization was recorded as of March 31, 2013 - no 2012 balances have been restated.

- M. The effective date(s) of all quasi-reorganizations in the prior 10 years
The Company recorded a quasi-reorganization effective March 31, 2013 to reclassify cumulative net losses generated prior to acquisition in the second quarter of 2012.

14. Contingencies

No significant change from year-end 2012.

15. Leases

A. Lessee Operating Lease

Facilities:

NMI entered into an office facility lease effective July 1, 2012 for a term of two years. This facility is fully furnished and allows for expansion based on projected staffing growth. However, under the terms of the agreement, NMI could have elected to terminate the lease by giving written notice to the landlord, if NMIC was unable to obtain GSE approval by March 15, 2013. The lease would have then terminated (as if by expiration) on March 31, 2013. This option terminated upon receipt of GSE approval on January 16, 2013.

B. Lessor Leases

No significant change from year-end 2012.

16. Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk

No significant change from year-end 2012.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as sales

No significant change from year-end 2012.

B. Transfers and services of Financial Assets

No significant change from year-end 2012.

C. Wash Sales

The Company did not have any transfers of receivables reported as sales, transfers, and servicing of financial assets or wash sales.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

No significant change from year-end 2012.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No significant change from year-end 2012.

20. Fair Value Measurements

A. Inputs Used for Assets and Liabilities at Fair Value

The Company does not measure and report any assets or liabilities at fair value in the statement of financial position after initial recognition.

B. Other Fair Value Disclosures

Not Applicable

C. Fair Values for All Financial Instruments by Levels 1, 2, and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the three- levels as described below.

Level 1 - Quoted prices in Active Markets for Identical Assets and Liabilities: This category includes cash and US Treasury Securities.

Level 2 - Significant Other Observable Inputs: This category is for items measured at fair value on a recurring basis, including common stock, which are not exchange-traded.

Level 3 - Significant Unobservable Inputs: The Company has no assets or liabilities in this category.

NOTES TO FINANCIAL STATEMENTS

Type of Financial Instrument	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Financial instruments - assets						
Bonds	\$181,919,744	\$ 185,777,147	\$ 181,919,744	\$ —	\$ —	\$ —
Preferred stocks	—	—	—	—	—	—
Common stocks	10,032,917	10,032,917	—	10,032,917	—	—
Mortgage loans	—	—	—	—	—	—
Cash, cash equivalents and short-term investments	9,668,542	9,668,542	9,668,542	—	—	—
Other	—	—	—	—	—	—
Total assets	\$201,621,203	\$ 205,478,606	\$ 191,588,286	\$ 10,032,917	\$ —	\$ —
Financial instruments - liabilities						
	—	—	—	—	—	—
Total liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

D. Reasons Not Practical to Estimate Fair Values Not Applicable

21. Other Items

A. Extraordinary

In 2009 MAC Assurance Corporation (“MAC”), now NMIC, was incorporated and licensed in the State of Wisconsin without the usual requisite minimum capital and surplus in order to facilitate the lengthy review for qualified insurer status with both the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, as well as the due diligence and capital-raising efforts of the original principals of NMIC. NMIC entered into a Stipulation and Order, whereby NMIC agreed that it would not issue insurance policies or otherwise engage in the acceptance of any form of insurance risk until such time as it provided adequate documentation to the OCI of sufficient capital funding, a walkthrough review of its completed information systems development and that the forgoing facts were verified and acknowledged by the OCI. Following an OCI Organizational Examination, the Stipulation and Order was rescinded on September 26, 2012. Currently, there are no restrictions or conditions on NMIC’s Wisconsin certificate of authority.

NMI was formed in May 2011 with the intention of transacting private mortgage guaranty insurance through a wholly-owned mortgage guaranty subsidiary. Beginning in May 2011, NMI’s activities were focused on raising capital, seeking to acquire the assets and necessary approvals for its subsidiaries to commence operations.

In a transaction that closed in April, 2012, NMI successfully offered 55.0 million shares of its common stock at an issue price of \$10.00 per share in a private placement. Gross proceeds from the offering were \$550.0 million. Net proceeds from the offering, after an approximate 7% underwriting fee and offering expenses, were approximately \$510.3 million.

Following the capital raise, pursuant to a share purchase agreement by and between NMI and MAC Financial Ltd., NMI acquired one hundred percent (100%) of MAC Financial Holding Corporation, together with its subsidiaries, NMIC, a Wisconsin-domiciled insurance company, NMRI One, a Wisconsin-domiciled insurance company, and NMRI Two, a Wisconsin-domiciled insurance company, for approximately \$8.5 million in cash, common stock and warrants (“MAC Acquisition”).

During June of 2013, NMI filed a registration statement on Form S-1 with the SEC. NMI intends to make the shares of its common stock, discussed above, publicly tradable. NMI will not receive any funds from this registration.

Capitalization of the Company:

On June 29, 2012, NMI capitalized the Company with \$210.0 million. Also, on June 29, 2012, NMIC capitalized its direct, wholly-owned subsidiary NMRI Two with \$10.0 million.

Effective June 30, 2012 NMIC’s shareholder and Board of Directors amended its Articles of Incorporation to authorize NMIC to issue 63,250,000 shares at \$.04 par value common stock. On or about the same date, NMIC issued all 63,250,000 common shares to MAC Financial Holding Corporation in consideration for the \$210.0 million capitalization and MAC’s surrender of the share certificate evidencing 250 shares previously issued by NMIC to MAC.

Interaffiliate Reinsurance:

Certain states limit the amount of risk a mortgage guaranty insurer may retain on a single loan to 25% of the indebtedness to the insured and as a result the portion of such insurance in excess of 25% must be reinsured. The Company has entered into a primary excess share reinsurance agreement with NMRI One effective August 1, 2012. The Company will cede premiums and losses to NMRI One on an excess share basis for any primary policy which offers coverage greater than 25%. The Company will use reinsurance provided by NMRI One solely for purposes of compliance with statutory coverage limits. During April 2013, the Company began writing its first mortgage insurance policies and began ceding premium and risk to NMRI One in the following month.

NOTES TO FINANCIAL STATEMENTS

Tax Sharing Agreement:

The Company entered into a Tax Sharing Agreement on August 23, 2012. The tax sharing agreement is by and among NMI, MAC Financial Holding Corporation, NMRI One, NMRI Two and the Company. Under this agreement, each of the parties mutually agrees to file a consolidated federal income tax return for 2012 and subsequent tax years, with NMI as the direct tax payer. The tax liability of each insurer that is party to the agreement is limited to the amount of liability it would incur if it filed a separate tax return. All settlements under this agreement between NMI and any insurer that is party to the agreement shall be made within 30 days of the filing of the applicable federal corporate income tax return with the Internal Revenue Service (“IRS”), including subsequent amended filings and IRS adjustments, except when a refund is due to an insurer, in which case payment shall be made to the insurer within 30 days after NMI’s receipt of the applicable tax refund.

Cost Allocation Agreement:

The Company entered into a cost allocation agreement on August 1, 2012. The cost allocation agreement is by and among NMI, MAC Financial Holding Corporation, NMRI One, NMRI Two and the Company, hereinafter collectively referred to as “Parties”, and singularly as “Party”. All Parties to this agreement may also be referred to as “Affiliate”. Each of the parties to the agreement may provide any of the following services to any other party under the agreement: general management, underwriting, customer service, claims processing, legal, accounting and actuarial services.

For 3rd party goods and/or services purchased by a Party for an Affiliate, the allocation of costs shall be determined solely by the invoice from the 3rd party. For 3rd party goods and/or services purchased by a Party for more than one Affiliate (which may include the Party itself), the allocation of costs shall be determined by: (i) an invoice directly from the 3rd party providing the good and/or service, and (ii) an allocation of such costs developed using appropriate quantifiable measures supporting the goods received and/or services performed. For services provided solely by one or more Parties to one or more Affiliates (i.e., inter-company related services) the charges will be determined by direct employee costs including salaries, bonuses, incentives, benefits, payroll taxes and related out-of-pocket expenses actually incurred by the employee. In all 3 examples, all charges and fees for any goods or services provided to the Affiliates shall not exceed the actual costs incurred by the Parties. NMI is the principal employer of personnel among the parties and it is anticipated that most costs will be incurred by NMI and allocated to its insurance subsidiaries. Settlements are required no later than 60 days after each calendar quarter.

The Cost Allocation Agreement was amended on January 9, 2013, retroactive to August 1, 2012, such that all parties to the Agreement agreed that no costs would be allocated from NMI to any party to the Agreement until such time as GSE approval was received. Additionally, the parties agreed that share-based compensation and certain bonus payments paid or accrued prior to June 30, 2013 are to be allocated solely to NMI. The OCI declined to disapprove of this amendment and it became effective on January 10, 2013. Costs were allocated per the amended agreement beginning on February 1, 2013.

Organizational Examination:

The OCI completed an Organizational Examination of NMIC on September 27, 2012. The period under exam was June 30, 2009 through June 30, 2012. The examination was conducted using a risk-focused approach in accordance with the NAIC Financial Condition Examiners' Handbook, which sets forth guidance for planning and performing an examination to evaluate the financial condition and identify prospective risks of an insurer. This approach includes obtaining information about the company including its corporate governance processes, the identification and assessment of inherent risks within the company, and the evaluation of system controls and procedures used by the company to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation and management's compliance with statutory accounting principles, annual statement instructions and Wisconsin laws and regulations. The examination consisted of a review of all major phases of the Company's operations and included the following areas: history, management control, corporate records, conflict of interest, fidelity bonds and other insurance, employees' welfare and pension plans, territory and plan of operations, affiliated companies, growth of company, reinsurance, financial statements, accounts and records and data processing.

The Examination Report concluded that NMIC has sound key IT controls in place and appeared to be ready for production. The Examination did not result in any recommendations. The Examination did not make any reclassification of or adjustment to the balances reported by the company. The Company has no orders or restrictions of any kind on its certificate of authority in Wisconsin. The stipulation and order issued by the OCI in connection with the licensure of the Company that prohibited NMIC from transacting insurance business was removed based on the findings of this Examination.

Deposit:

On July 12, 2012, NMIC lodged a US Treasury bill with an approximate maturity value of \$3.46 million as a statutory deposit with the State of Wisconsin. This deposit is being held by Wisconsin for the benefit of NMIC's policyholders. In addition, through June 30, 2013 the Company placed an additional \$3.4 million in US Treasury bills as statutory deposits in certain states as a condition to licensing.

Licensing:

On June 27, 2012, our Expansion Application to obtain licenses in all states outside of Wisconsin was accepted into the Review of Electronic Application Coordination and Processing (“REACAP”) process by the NAIC. We have been approved in 48 states and the District of Columbia. The states pending approval are Florida, and Wyoming.

As conditions of obtaining licenses in Alabama, Arizona, California, Missouri, New York, Ohio and Texas, NMIC entered into agreements with the Alabama Department of Insurance (“ALDOI”), Arizona Department of Insurance (“AZDOI”), the California Insurance Department (“CADOI”), the Missouri Department of Insurance (“MODOI”),

NOTES TO FINANCIAL STATEMENTS

the New York State Department of Financial Services (“NYDOI”), the Ohio Department of Insurance (“OHDOI”) and the Texas Commissioner of Insurance (“TXDOI”). The agreements with the CADOI, MODOI, NYDOI, OHDOI and TXDOI, provide, among other things, that:

- NMIC (i) refrain from paying any dividends; (ii) retain all profits; and (iii) maintain a risk-to-capital ratio not to exceed 20 to 1, for three years from the date of GSE Approval (i.e., until January 15, 2016); and
- certain start-up compensation expenses and equity compensation in the form of stock options and restricted stock units shall not be allocated to or assumed as a cost or expense by NMIC.

In its agreement with the NYDOI, NMIC is required to obtain the NYDOI's prior written approval to significantly deviate from the plan of operations and financial projections that were submitted to the NYDOI in connection with NMIC's license application. In addition, if the lawsuit brought by PMI's Receiver (see litigation below) is determined adversely to any of our officers who are named as defendants in the lawsuit (including our CEO, CFO, Chief Sales Officer and VP of Sales Operations, Analytics & Planning), we may be required to remove and replace those officers under the terms of the agreements with the ALDOI, AZDOI, NYDOI and TXDOI, as a condition of NMIC obtaining certificates of authority in those states, as well as under an agreement with the Wisconsin OCI. In connection with NMIC's license applications in California, Missouri and New York, NMI entered into agreements with the CADOI, MODOI and NYDOI requiring NMI to contribute capital to NMIC as necessary to maintain NMIC's risk-to-capital ratio at or below 20 to 1 for three years from the date of GSE Approval. NMRI One is also a party to the agreement with the CADOI and OHDOI.

GSE Approval:

The Company was approved as an eligible mortgage guaranty insurer by Freddie Mac and Fannie Mae, on January 15, 2013 and January 16, 2013, respectively, subject to maintaining certain conditions. With GSE Approval, our customers who originate loans insured by the Company may sell such loans to the GSEs (as of April 1, 2013 for Freddie Mac and as of June 1, 2013 for Fannie Mae). During April 2013, the Company began writing its first mortgage insurance policies. As part of the approval process with the GSEs, the Company is required for the first three years of operations (expiring December 31, 2015) to maintain its risk-to-capital ratio at no greater than 15 to 1.

Litigation:

On August 8, 2012, Germaine Marks, as Receiver, and Truitte Todd, as Special Deputy Receiver, of PMI Mortgage Insurance Co. (“PMI”), an Arizona insurance company in receivership, have filed a complaint (“the PMI Complaint”) against the Company, NMI and certain named individuals. The litigation is at an early stage of review and evaluation and the Company has filed an answer to PMI's complaint denying all allegations.

On January 30, 2013, a case management conference took place among the parties in the PMI Complaint. The conference resulted in the setting of a trial date on February 3, 2014. The parties are now engaged in discovery, primarily document production as well as interrogatories and requests for admissions.

Because the litigation and related discovery are at a preliminary stage, the Company does not have sufficient information to determine or predict the ultimate outcome or estimate the range of possible losses, if any. Accordingly, no provision for litigation losses has been included in the financial statements.

- B. Troubled Debt Restructuring for Debtors
No significant change from year-end 2012.
- C. Other Disclosures
No significant change from year-end 2012.
- D. Uncollectible Premiums Receivable
No significant change from year-end 2012.
- E. Business Interruption Insurance Recoveries
No significant change from year-end 2012.
- F. State Transferable tax Credits
No significant change from year-end 2012.
- G. Subprime Mortgage Related Risk Exposure
No significant change from year-end 2012.

22. Subsequent Events

During the second quarter of 2013, NMIC bid on a pool insurance transaction proposed by Fannie Mae. The FHFA has set targets for reducing the GSEs' mortgage risk in 2013. One of the methods available to the GSEs is to utilize MI companies as insurers of particular groups, or pools, of loans. In July 2013, we were notified that Fannie Mae had selected NMIC for this pool transaction. NMIC entered into the agreement with Fannie Mae, pursuant to which NMIC will insure approximately 22,700 residential mortgage loans with an aggregate unpaid principal balance of approximately \$5 billion. The effective date of the agreement and of the coverage is September 1, 2013.

During the 2nd quarter of 2013, NMIC applied with the OCI to merge NMRI Two into the Company. On July 15, 2013, NMIC received approval for the proposed merger from the OCI. The merger is expected to be completed during the third quarter of this year.

NOTES TO FINANCIAL STATEMENTS

The Company has considered subsequent events through August 9, 2013.

23. Reinsurance

No significant change from year-end 2012.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination.

No significant change from year-end 2012.

25. Changes in Incurred Losses and Loss Adjustment Expenses

The Company incurred no losses and recorded no loss adjustment expenses for the first six months of 2013. The Company made no changes in the provision for incurred loss and loss adjustment expenses attributable to insured events for prior years, as the Company only commenced insurance operations in April 2013.

For purposes of establishing loss reserves, the Company considers the default as the incident that gives rise to a claim. The Company also reserves for claims incurred but not yet reported. Consistent with industry practice, however, the Company will not establish loss reserves for anticipated future claims on insured loans that are not currently in default.

26. Intercompany Pooling Arrangements

No significant change from year-end 2012.

27. Structured Settlements

No significant change from year-end 2012.

28. Health Care Receivables

No significant change from year-end 2012.

29. Participating Policies

No significant change from year-end 2012.

30. Premium Deficiency Reserves

No significant change from year-end 2012.

31. High Deductibles

No significant change from year-end 2012.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change from year-end 2012.

33. Asbestos/Environmental Reserves

No significant change from year-end 2012.

34. Subscriber Savings Accounts

No significant change from year-end 2012.

35. Multiple Peril Crop Insurance

No significant change from year-end 2012.

36. Financial Guaranty Insurance

The Company is a mono-line mortgage guaranty insurer and does not engage in the business of writing financial guaranty insurance.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [X] No []

2.2 If yes, date of change: 03/15/2013

3.1 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]

3.2 If the response to 3.1 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] N/A []
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/30/2012

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 06/30/2012

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/27/2012

6.4 By what department or departments?
 Wisconsin Office of the Commissioner of Insurance

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] N/A [X]

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

7.2 If yes, give full information

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....
.....

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules, and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

9.2 Has the code of ethics for senior managers been amended? Yes [X] No []

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

In June 2013, the Company implemented a formal conflict of interest disclosure process for its officers. This supplements existing policies regarding business conduct, conflicts of interest and anti-fraud.

.....

9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:

.....

GENERAL INTERROGATORIES

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ _____
13. Amount of real estate and mortgages held in short-term investments: \$ _____
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ 10,000,107	\$ 10,032,917
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ 10,000,107	\$ 10,032,917
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement. Yes No

16. For the reporting entity's security lending program, state the amount of the following as current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____
- 16.3 Total payable for securities lending reported on the liability page \$ _____

17. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank, N.A.	600 California Street, San Francisco, CA 94108

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes No

GENERAL INTERROGATORIES

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
105108	First Republic Securities Co., LLC	111 Pine Street, San Francisco, CA 94111
104973	Wells Capital Management Incorporated	525 Market Street, San Francisco, CA 94105

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] N/A [X]
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....
.....
.....
TOTAL		

5. Operating Percentages:
 5.1. A&H loss percent _____ %
 5.2. A&H cost containment percent _____ %
 5.3. A&H expense percent excluding cost containment expenses _____ %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ _____

6.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ _____

NONE **Schedule F**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		Active Status	2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date
1. Alabama	AL	L					
2. Alaska	AK	L					
3. Arizona	AZ	L					
4. Arkansas	AR	L					
5. California	CA	L					
6. Colorado	CO	L	26				
7. Connecticut	CT	L	54				
8. Delaware	DE	L					
9. District of Columbia	DC	L					
10. Florida	FL	N					
11. Georgia	GA	L					
12. Hawaii	HI	L					
13. Idaho	ID	L					
14. Illinois	IL	L					
15. Indiana	IN	L					
16. Iowa	IA	L					
17. Kansas	KS	L					
18. Kentucky	KY	L					
19. Louisiana	LA	L					
20. Maine	ME	L					
21. Maryland	MD	L					
22. Massachusetts	MA	L					
23. Michigan	MI	L	463				
24. Minnesota	MN	L					
25. Mississippi	MS	L					
26. Missouri	MO	L					
27. Montana	MT	L					
28. Nebraska	NE	L					
29. Nevada	NV	L					
30. New Hampshire	NH	L					
31. New Jersey	NJ	L					
32. New Mexico	NM	L					
33. New York	NY	L					
34. North Carolina	NC	L					
35. North Dakota	ND	L					
36. Ohio	OH	L					
37. Oklahoma	OK	L					
38. Oregon	OR	L					
39. Pennsylvania	PA	L					
40. Rhode Island	RI	L					
41. South Carolina	SC	L					
42. South Dakota	SD	L					
43. Tennessee	TN	L					
44. Texas	TX	L					
45. Utah	UT	L	361				
46. Vermont	VT	L					
47. Virginia	VA	L					
48. Washington	WA	L					
49. West Virginia	WV	L					
50. Wisconsin	WI	L	133				
51. Wyoming	WY	N					
52. American Samoa	AS	N					
53. Guam	GU	N					
54. Puerto Rico	PR	N					
55. U.S. Virgin Islands	VI	N					
56. Northern Mariana Islands	MP	N					
57. Canada	CAN	N					
58. Aggregate Other Alien	OT	X X X					
59. Totals	(a) 49		1,037				

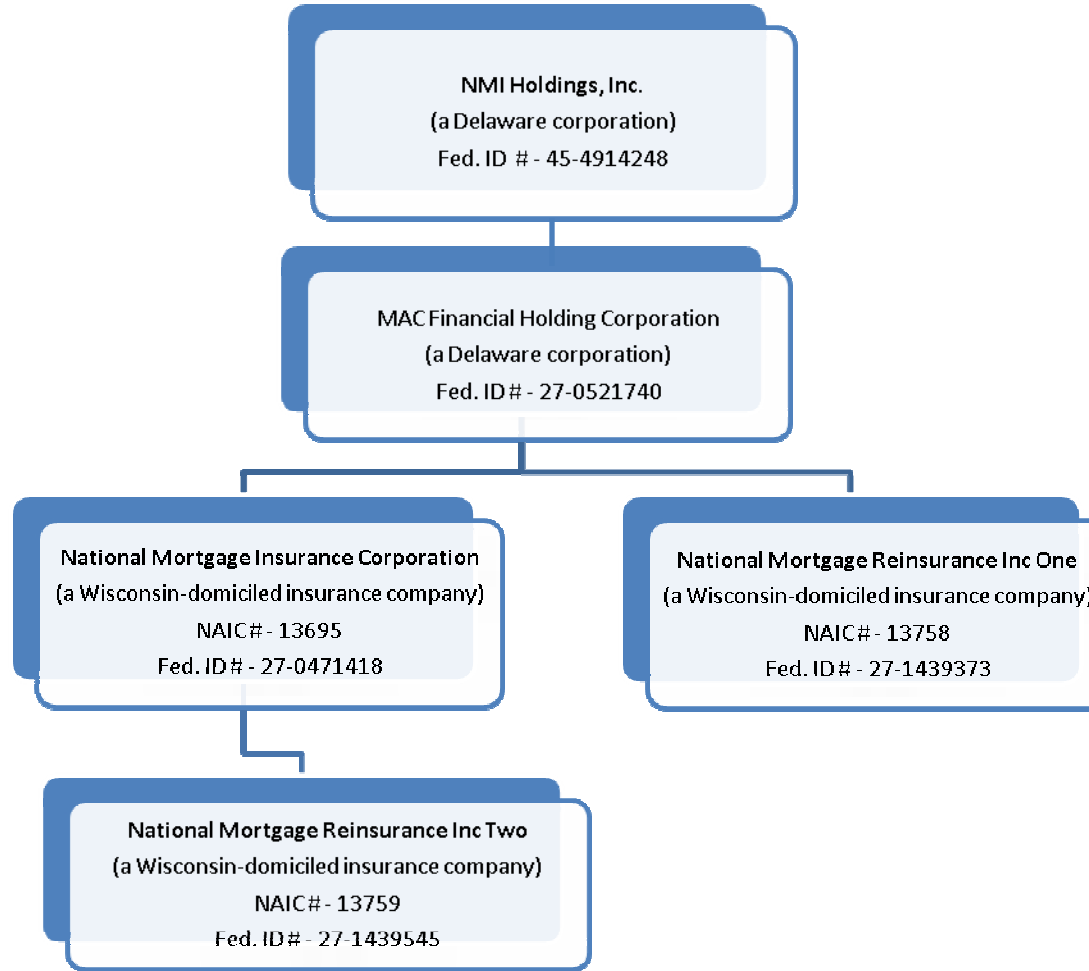
DETAILS OF WRITE-INS		1	2	3	4	5	6	7
58001.		X X X						
58002.		X X X						
58003.		X X X						
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X						
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X						

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer;
 (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.
 (a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
		00000	45-4914248				NMI Holdings, Inc.	DE	UIP					
		00000	27-0521740				MAC Financial Holding Corporation	DE	UDP	NMI Holdings, Inc.	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13695	27-0471418				National Mortgage Insurance Corporation	WI		MAC Financial Holding Corporation	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13758	27-1439373				National Mortgage Reinsurance Inc One	WI	IA	MAC Financial Holding Corporation	Ownership	100.0	NMI Holdings, Inc.	
4760	NMI Holdings Grp	13759	27-1439545				National Mortgage Reinsurance Inc Two	WI	DS	National Mortgage Insurance Corporation	Ownership	100.0	NMI Holdings, Inc.	

12

Asterik	Explanation
0	
0	

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty	1,037			
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	1,037			

DETAILS OF WRITE-INS			
3401.	NONE		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty	1,037	1,037	
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	1,037	1,037	

DETAILS OF WRITE-INS			
3401.	NONE		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

NONE Part 3

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

- Question 1: Not Applicable

- Question 2: Not Applicable

- Question 3: Not Applicable

- Question 4: Not Applicable

Bar Code:



13695201349000020



13695201345500020



13695201336500020



13695201350500020

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)		

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	10,000,107	
2. Cost of bonds and stocks acquired	240,068,883	10,000,000
3. Accrual of discount	26,073	
4. Unrealized valuation increase (decrease)	32,810	107
5. Total gain (loss) on disposals	269,290	
6. Deduct consideration for bonds and stocks disposed of	54,191,304	
7. Deduct amortization of premium	395,795	
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	195,810,064	10,000,107
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	195,810,064	10,000,107

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	194,506,891	118,008,882	125,590,903	(271,219)	194,506,891	186,653,651		4,863,647
2. Class 2 (a)								
3. Class 3 (a)								
4. Class 4 (a)								
5. Class 5 (a)								
6. Class 6 (a)								
7. Total Bonds	194,506,891	118,008,882	125,590,903	(271,219)	194,506,891	186,653,651		4,863,647
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	194,506,891	118,008,882	125,590,903	(271,219)	194,506,891	186,653,651		4,863,647

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	876,504	X X X	876,504	1,555	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	4,863,647	
2. Cost of short-term investments acquired	512,344,955	4,861,628
3. Accrual of discount	1,389	2,019
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	516,333,487	
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	876,504	4,863,647
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	876,504	4,863,647

- NONE** **Schedule DB - Part A and B Verification**
- NONE** **Schedule DB - Part C - Section 1**
- NONE** **Schedule DB - Part C - Section 2**
- NONE** **Schedule DB - Verification**
- NONE** **Schedule E Verification**
- NONE** **Schedule A - Part 2 and 3**
- NONE** **Schedule B - Part 2 and 3**
- NONE** **Schedule BA - Part 2 and 3**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
912828-GS-3	UNITED STATES TREAS NTS		05/23/2013	MORGAN STANLEY & CO		1,893,228	1,645,000.00	1,810	1
912828-QG-8	UNITED STATES TREAS NTS		04/11/2013	FIRST REPUBLIC BANK		2,536,787	2,315,000.00	26,310	1
912828-UZ-1	UNITED STATES TREAS NTS		05/13/2013	TORONTO DOMINION SECURITI		2,327,510	2,350,000.00	559	1
912828-VE-7	UNITED STATES TREAS NTS		06/10/2013	HSBC SECURITIES INC		1,714,825	1,725,000.00	518	1
0599999	Total Bonds U. S. Government				X X X	8,472,350	8,035,000.00	29,197	X X X
31315P-ZZ-5	FEDERAL AGRIC MTG CORP MTNS B		05/02/2013	OPPENHEIMER & CO		2,248,875	2,250,000.00		1
31331V-2U-9	FEDERAL FARM CR BKS		04/03/2013	BNY CAPITAL MKTS		2,313,800	2,000,000.00	11,104	1
3133EC-LG-7	FEDERAL FARM CR BKS		04/25/2013	OPPENHEIMER & CO		1,750,000	1,750,000.00	302	1
3133EC-P3-2	FEDERAL FARM CR BKS		05/06/2013	TORONTO DOMINION SECURITI		2,243,813	2,250,000.00		1
646136-K7-5	NEW JERSEY ST TRANSN TR FD AUT		04/17/2013	GOLDMAN SACHS & COMPANY		3,250,000	3,250,000.00		1FE
3199999	U.S. Total Bonds Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	11,806,488	11,500,000.00	11,406	X X X
E44 02666Q-M5-9	AMER HONDA FIN CORP MTN BE144A		05/22/2013	DEUTSCHE BANK SECURITIES		2,200,000	2,200,000.00		1FE
02580E-BY-8	AMERICAN EXPRESS BK FSB MTN		04/01/2013	MIZHUO SECURITIES USA		4,970,700	5,000,000.00	1,604	1FE
03076C-AE-6	AMERIPRISE FINL INC		05/14/2013	CHASE SECURITIES		2,387,500	2,000,000.00	18,256	1FE
037833-AJ-9	APPLE INC		04/30/2013	GOLDMAN SACHS & COMPANY		3,287,823	3,300,000.00		1FE
00206R-BM-3	AT&T INC		05/17/2013	CITIGROUP		2,605,694	2,600,000.00	16,279	1FE
10513K-AC-8	BRANCH BKG & TR CO WILSON N C		04/02/2013	BANK OF AMERICA SEC LLC		6,885,690	7,000,000.00	4,460	1FE
12189P-AK-8	BURLINGTON NOTRH SF 2001-2		04/24/2013	CHASE SECURITIES		3,046,140	2,638,653.20	49,258	1FE
166764-AE-0	CHEVRON CORP DTD 06/24/13 1.718 06		06/17/2013	BARCLAYS CAPITAL INC		1,700,000	1,700,000.00		1FE
195869-AM-4	COLONIAL PIPELINE CO		05/08/2013	BARCLAYS CAPITAL INC		1,632,690	1,500,000.00	4,083	1FE
21685W-DF-1	COOPERATIEVE CENTRALE RAIFFEI	R	05/17/2013	CITIGROUP		3,371,412	3,300,000.00	4,707	1FE
22822R-AZ-3	CROWN CASTLE TOWERS LLC		05/23/2013	BARCLAYS CAPITAL INC		3,381,030	3,000,000.00	5,697	1FE
278265-AC-7	EATON VANCE CORP		04/24/2013	CANTOR FITZGERALD		3,618,810	3,000,000.00	14,625	1FE
34530E-AG-2	FORD CREDIT AUTO TR 2013-B		05/14/2013	RBC DAIN RAUSCHER INC		589,976	590,000.00		1FE
34528Q-CT-9	FORD CREDIT FLOORPLAN MASTER O SER		06/11/2013	CHASE SECURITIES		1,473,309	1,474,000.00		1FE
36962G-6X-7	GENERAL ELEC CAP CORP MTN BE		04/01/2013	GOLDMAN SACHS & COMPANY		2,500,000	2,500,000.00		1FE
36246M-AK-5	GTP ACQ PARTNERS 2011-2		05/07/2013	MIZHUO SECURITIES USA		1,071,250	1,000,000.00	3,019	1FE
40428H-PH-9	HSBC USA INC NEW		05/24/2013	VARIOUS		2,563,487	2,550,000.00	17,514	1FE
459200-HC-8	INTERNATIONAL BUSINESS MACHS		05/17/2013	CORTVIEW CAPITAL LLC		3,393,483	3,350,000.00	12,330	1FE
717081-DF-7	PFIZER INC		05/28/2013	CITIZENS BANK		1,900,000	1,900,000.00		1FE
693476-BJ-1	PNC FUNDING CORP		05/20/2013	JEFFERIES & CO		3,043,352	2,600,000.00	38,865	1FE
74153W-BZ-1	PRICOA GLBL FDG I MTN 144A		05/21/2013	CREDIT SUISSE SECURITIES		1,948,499	1,950,000.00		1FE
78403D-AC-4	SBA TOWER TR 2012-1		05/20/2013	DEUTSCHE BANK SECURITIES		3,300,800	3,200,000.00	2,086	1FE
808513-AD-7	SCHWAB CHARLES CORP NEW		04/08/2013	KEYBANC CAPITAL MARKETS		1,432,671	1,240,000.00	12,109	1FE
828807-CM-7	SIMON PTY GROUP LP		04/10/2013	BANK OF AMERICA SEC LLC		2,601,560	2,600,000.00	12,783	1FE
84474Y-AA-4	SOUTHWEST AIRLINES 2007-1		06/04/2013	CANTOR FITZGERALD		881,256	741,164.50	15,092	1FE
857477-AL-7	STATE STR CORP		05/08/2013	BANK OF AMERICA SEC LLC		1,198,056	1,200,000.00		1FE
87407P-AA-8	TAL ADVANTAGE V LLC 2013-1		06/04/2013	VARIOUS		1,516,848	1,517,916.67	1,348	1FE

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
912828-QG-8	UNITED STATES TREAS NTS		06/24/2013	FIRST REPUBLIC BAN		210,740	200,000.00	219,100							218,271		(7,531)	(7,531)	799	04/30/2018	1
912828-UM-0	UNITED STATES TREAS NTS		06/28/2013	BANK OF AMERICA S		1,989,844	2,000,000.00	1,997,734							1,997,971		(8,128)	(8,128)	2,756	02/15/2016	1
0599999	Total - Bonds - U.S. Governments				X X X	2,200,584	2,200,000.00	2,216,834							2,216,242		(15,659)	(15,659)	3,555	X X X	X X X
018490-AP-7	ALLERGAN INC	R	05/21/2013	STIFEL NICOLAUS & C		2,004,080	2,000,000.00	1,995,860							1,996,023		8,057	8,057	5,400	03/15/2018	1FE
02580E-BY-8	AMERICAN EXPRESS BK FSB MTN		05/06/2013	STERNE AGEE & CO		1,587,584	1,600,000.00	1,590,624							1,590,599		(3,015)	(3,015)	1,291	06/12/2017	1FE
00206R-BM-3	AT&T INC		05/22/2013	VARIOUS		1,811,370	1,800,000.00	1,787,742							1,788,385		22,985	22,985	10,407	12/01/2017	1FE
00206R-BS-0	AT&T INC		05/17/2013	VARIOUS		4,010,359	4,000,000.00	4,000,000							4,000,000		10,359	10,359	7,252	02/12/2016	1FE
06406H-CH-0	BANK NEW YORK MTN BK ENT		05/22/2013	STIFEL NICOLAUS & C		599,731	600,000.00	600,000							600,000		(269)	(269)	710	03/04/2016	1FE
06406H-CJ-6	BANK NEW YORK MTN BK ENT		04/23/2013	STIFEL NICOLAUS & C		1,257,100	1,250,000.00	1,249,638							1,249,647		7,453	7,453	2,344	03/06/2018	1FE
073902-RU-4	BEAR STEARNS COS INC		05/01/2013	SUMRIDGE PARTNER		623,365	500,000.00	622,420							617,283		6,082	6,082	9,566	02/01/2018	1FE
084670-BH-0	BERKSHIRE HATHAWAY INC DEL		05/06/2013	GOLDMAN SACHS & C		2,643,446	2,600,000.00	2,596,386							2,596,572		46,874	46,874	9,851	02/09/2018	1FE
09256B-AA-5	BLACKSTONE HLDGS FIN L L C		05/06/2013	VARIOUS		1,846,335	1,800,000.00	1,805,400							1,794,589		51,746	51,746	72,507	08/15/2019	1FE
10513K-AC-8	BRANCH BKG & TR CO WILSON N C		05/06/2013	STERNE AGEE & CO		3,445,365	3,500,000.00	3,442,845							3,444,087		1,278	1,278	4,174	05/23/2017	1FE
191216-BA-7	COCA COLA CO		05/17/2013	US BANKCORP		498,305	500,000.00	498,920							498,963		(658)	(658)	1,230	04/01/2018	1FE
278265-AC-7	EATON VANCE CORP		06/27/2013	TENDER OFFER		2,946,111	2,443,000.00	2,946,918							2,927,777		18,335	18,335	37,934	10/02/2017	1FE
36962G-6X-7	GENERAL ELEC CAP CORP MTN BE		05/01/2013	HSBC SECURITIES IN		751,916	750,000.00	750,000							750,000		1,916	1,916	704	04/02/2018	1FE
449786-AT-9	ING BANK NV	R	05/17/2013	CHASE SECURITIES		1,845,434	1,810,000.00	1,844,173							1,840,400		5,035	5,035	14,245	09/25/2015	1FE
459200-HJ-3	INTERNATIONAL BUSINESS MACHS		05/17/2013	MIZHUO SECURITIES		4,750,546	4,750,000.00	4,750,000							4,750,000		546	546	3,056	02/04/2015	1FE
46623E-JV-2	J P MORGAN CHASE & CO MTN BE		05/01/2013	BANK OF AMERICA S		1,004,288	1,000,000.00	1,000,000							1,000,000		4,288	4,288	1,741	02/26/2016	1FE
46625H-JG-6	JPMORGAN CHASE & CO		05/01/2013	JEFFERIES & CO		811,728	800,000.00	797,232							797,365		14,363	14,363	4,040	01/25/2018	1FE
55608P-AA-2	MACQUARIE BK LTD	R	05/06/2013	MERRILL LYNCH		2,225,100	2,000,000.00	2,190,460							2,179,966		45,134	45,134	71,389	02/22/2017	1FE
585055-BA-3	MEDTRONIC INC		05/22/2013	STIFEL NICOLAUS & C		501,870	500,000.00	499,250							499,275		2,595	2,595	1,184	04/01/2018	1FE
59217G-AY-5	METROPOLITAN LIFE GLOBAL FDG I		05/22/2013	CREDIT SUISSE SECU		301,884	300,000.00	298,362							298,456		3,428	3,428	1,725	01/10/2018	1FE
674599-CD-5	OCCIDENTAL PETE CORP DEL		05/28/2013	VARIOUS		1,660,003	1,650,000.00	1,655,808							1,655,444		4,559	4,559	23,263	02/15/2018	1FE
69371R-L3-8	PACCAR FINL CORP SR MTNS BK EN		05/01/2013	CHEMICAL SECURITI		1,508,942	1,500,000.00	1,500,000							1,500,000		8,942	8,942	2,041	02/08/2016	1FE
718172-AX-7	PHILIP MORRIS INTL INC		05/22/2013	RBC DAIN RAUSCHER		499,913	500,000.00	500,000							500,000		(87)	(87)	9	02/26/2015	1FE
808513-AD-7	SCHWAB CHARLES CORP NEW		05/22/2013	KEYBANC CAPITAL M		437,247	380,000.00	439,044							438,128		(881)	(881)	5,919	07/22/2020	1FE
828807-CM-7	SIMON PPTY GROUP LP		05/22/2013	BANK OF AMERICA S		599,268	600,000.00	600,360							600,351		(1,083)	(1,083)	4,025	02/01/2018	1FE
78443C-AZ-7	SLM PRIVATE ST LN TR 2003-C		06/15/2013	PRINCIPAL RECEIPT		112,056	112,055.87	110,393							112,056				203	09/15/2020	1FE
87407P-AA-8	TAL ADVANTAGE V LLC 2013-1		06/20/2013	PRINCIPAL RECEIPT		50,833	50,833.32	50,862							50,833				242	02/20/2038	1FE
91324P-CB-6	UNITEDHEALTH GROUP INC		05/22/2013	SOUTHWEST SECURI		499,910	500,000.00	497,995							498,089		1,821	1,821	1,986	03/15/2019	1FE
931142-DF-7	WAL-MART STORES INC		04/24/2013	RBC DAIN RAUSCHER		1,504,260	1,500,000.00	1,498,620							1,498,635		5,625	5,625	844	04/11/2018	1FE
3899999	Total - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	42,338,349	40,995,889.19	42,119,312							42,072,923		265,428	265,428	299,282	X X X	X X X

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
8399997	Total - Bonds - Part 4				X X X	44,538,933	43,195,889	44,336,146				(46,981)		(46,981)	44,289,165		249,769	249,769	302,837	X X X	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total Bonds				X X X	44,538,933	43,195,889.19	44,336,146				(46,981)		(46,981)	44,289,165		249,769	249,769	302,837	X X X	X X X
9999999	Totals					44,538,933	X X X	44,336,146				(46,981)		(46,981)	44,289,165		249,769	249,769	302,837	X X X	X X X

E05.1

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0 .

- NONE Schedule DB - Part A - Section 1**
- NONE Schedule DB - Part B - Section 1**
- NONE Schedule DB - Part D - Section 1**
- NONE Schedule DB - Part D - Section 2**
- NONE Schedule DL - Part 1**
- NONE Schedule DL - Part 2**

NONE Schedule E - Part 2