

APPLICATION FOR MORTGAGE BANKERS BOND ERRORS & OMISSIONS COVERAGE

THE LIABILITY POLICY THAT MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDES CLAIMS MADE COVERAGE WRITTEN ON A NO DUTY TO DEFEND BASIS. DEFENSE COSTS ARE INCLUDED WITHIN THE LIMIT OF LIABILITY AND REDUCE THE LIMIT OF LIABILITY AVAILABLE TO PAY SETTLEMENTS AND JUDGMENTS AND MAY EXHAUST IT ENTIRELY. PLEASE READ THE POLICY CAREFULLY.

Note:

The Application **must** be signed by an executive officer.
If more space is required to answer a question, attach additional pages referencing the question number.

Please provide the following information with your application:

1. Copy of expiring Declarations Page (New Business Only).
2. Resumes of key senior personal.
3. Latest full year financials and any interim financials available.

APPLICANT INFORMATION

1. Name of Applicant(s): _____
(Include names of all subsidiaries or affiliated companies to be insured, attach a separate sheet, if necessary)
2. Business Address: _____
3. City, State, Zip: _____
4. Phone: _____ Fax Number: _____
5. How many locations do you have? _____
 a) List the name and address for each location (on a separate sheet if necessary): _____
 b) Number of locations with Underwriting Authority? _____
6. The Officer designated as agent of the Company and all Insured Persons to receive any and all
7. notices from the Insurer or their authorized representative concerning this insurance:
 Name: _____ Title: _____
 Email: _____
8. Applicant is: Sole Proprietor Partnership Corporation LLC Joint Venture Other: _____
9. Date established: _____
(If less than three (3) years, attach resumes of all principals)
10. Website Address(es): _____
11. Has there been any change in ownership or management in the past three (3) years? Yes No
 If **yes**, provide details: _____

Identify all principals, persons, or entities owning 10% or more of the Applicant's Company(ies) Parent Company (if any). Identify as the parent and indicate the percentage of ownership for each:

Name	Relationship	% Ownership

OPERATIONS

1. What is the Applicant's estimated total annual revenue for the next 12 months? \$ _____

Indicate the following for loans handled in the last 12 months:

Service Area	# of Loans	Total Value	% of Annual Revenue
Servicing			
Origination			
Origination Percentage:			
1-4 Family			
Multi-Family			
Other Income Property			
Other: _____			
Loan Warehousing			
TOTAL			

2. Type of Loans Originated:

Type	% of Annual Revenue
FHA/VA/Conventional	
Second/Equity Line Lending	
Construction Lending	
Mobile Home Lending	
Sub-Prime*(describe) _____	
Other(describe): _____	
TOTAL	

*** NOTE: If Any sub-prime loans, Applicant must complete a Lending Supplemental Application.**

(Sub-Prime loans are those loans with a FICO score of 619 or less).

3. Does the Applicant act as a master servicer of loans? Yes No
 If **yes**, provide details including the dollar amount of activity and the source of funding:

4. Mortgage Banking Professional Employees:

Professional Employees	Number
Board of Directors/Corporate Officers	
Loan Production	
Loan Servicing	
All other Professionals	
Non-Mortgage Professional Employees	
Clerical Employees	
Total Employees	

5. How many Independent Loan Originators acting as Independent Contractors (ICs) do you have: _____

IS coverage desired for these Independent Contractors? Yes No

Note coverage for ICs is only available if quoted by underwriters and that we will only provide Coverage for ICs that do only loan origination services for you and do not work for anyone else.

APPLICANT PROCEDURES

1. Does the Applicant have procedures to assure timely and proper disclosure of Good Faith Estimates and Truth in Lending Estimates? Yes No

2. Does the Applicant know of any or have any reported violations of laws in any of the following?

a) Real Estate Settlement Procedures Act Yes No

b) Truth in Lending Legislation Yes No

c) Equal Credit Opportunity Legislation Yes No

3. Does the Applicant have written policies in place with respect to question 2 (a-c) above? Yes No
Are employees trained to comply? Yes No

4. Are appraisals performed by in-house appraisers? Yes No
If **yes**, who assigns the appraisals? _____

What is their position? _____

5. Are appraisals provided on a rotating basis? Yes No
If **No**, explain how the Applicant protects itself from collusion between the appraiser and a loan officer: _____

6. Explain how denials of credit are offered: _____

7. Explain how the Applicant addresses (including any new procedures or policies) the issue of Predatory lending practices to prevent lawsuits in this area? _____

8. What percentage of the number of total loans originated are reviewed by separate quality personnel? _____

9. Does the Applicant obtain or anticipate revenues from any other services other than Loan Origination Activities? Yes No

If **yes**, explain: _____

10. To what professional associations does the Applicant belong? _____

11. Has the Applicant ever been required to repurchase any loan(s)? Yes No
If **yes**, explain including when and what caused the repurchase: _____

12.	Does the Applicant operate in states which require a Mortgage Broker or Mortgage Correspondent to be licensed?	Yes	No
	a) If yes , confirm all licenses are active?	Yes	No
	b) Has the Applicant had any investigations into licensing or are there any ongoing license investigations from any state agency or authority? If yes , provide details of investigation including outcome and/or status: _____ _____	Yes	No
	c) Does the Applicant commingle investor funds or any other funds required to be segregated by law or a third party?	Yes	No
	d) Does the Applicant have a written procedural manual for employees to follow?	Yes	No
	e) Does the Applicant have a formalized training program for newly hired employees? If no , to Question 12 d or e, how does the Applicant train new employees and/or confirm that Managers are performing according to company guidelines? _____ _____	Yes	No
13.	Does the Applicant participate in any telemarketing program (either directly or indirectly)? If yes , how does the Applicant protect itself from claims from consumers on "Do Not Call Lists/Registries"? _____ _____	Yes	No
14.	Does the Applicant purchase any type of "Fraud" insurance or protection? Note: Fraud coverage may be available, but is not the same as Fidelity Bond or Mortgage Bankers Bond coverage.	Yes	No
15.	Is the Applicant interested in a proposal for the broader form of Mortgage Fraud insurance, if available?	Yes	No
16.	Does the Applicant have a fraud guard protection system or similar procedure to verify legitimacy of borrowers by checking social security numbers or another method to determine borrower identity?	Yes	No
17.	Does the Applicant utilize Automated Valuations and compare to on site appraisals: Before Closing? Post Closing?	Yes	No
18.	a) Does the Applicant utilize a tracking system throughout the loan process such as "ENCOMPASS" or other similar system? b) Does the Applicant use a checklist (manual or automated) to confirm all appropriate steps have been accomplished?	Yes	No
19.	Does the Applicant have dual controls in place so that no single person can control the loan throughout the entire loan origination or underwriting process?	Yes	No
20.	If the Applicant originates loans through Mortgage Brokers submitting to the Applicant, are the following coverages required of the Mortgage Broker to do business with the Applicant: a) Fidelity/Employee Dishonesty Bond (also known as a Mortgage Bankers Bond)? b) Servicing Errors & Omissions (sometimes called Investor E&O)? c) Mortgage Company Professional Liability? Note: A credit for the Applicant's premium may be allowed if the Applicant requires the Mortgage Brokers it works with to have both Fidelity E&O and Professional Liability coverage.	N/A	No

21. Confirm the following:
- a) The Applicant verifies all firms or individuals it does business with are licensed as required by law in each jurisdiction required? Yes No
- b) If the Applicant has "1099 employees" working in any of its branch operations (or home offices) under the Applicant's own name, the Applicant requires the 1099 loan originator to warrant that it originates loans solely for the Applicant? Yes No
22. Does the Applicant not only verify that it's originators (both employees and 1099 status) are licensed, but also are not registered to another company's address where such information is available? Yes No
23. Has the Applicant hired within the last 12 months a large number (more than 20 of the Applicant's total staff at the time of signing this application) of loan originators formerly employed by a competitor? Yes No

QUALITY CONTROL

1. Does the Applicant utilize MARI for:
- a) New employees? Yes No
- b) New Mortgage Brokers? Yes No
- c) Closing Agents? Yes No
2. Are discretionary audits to be done at request of managers or due to litigation or other Triggers of audits not part of the normal quality control proces? Yes No
3. Does the Applicant's Quality Control function include a new originator review and a review of new branches? Yes No
N/A
4. If the Applicant deals with correspondents, are these loans underwritten at the branch level? Yes No
5. Does the Applicant use Lexus or similar search systems to check on new employees? Yes No
6. Does the Applicant have a Compliance Officer or similar position? Yes No

CURRENT COVERAGE

Provide the following information for your current coverage and attach a copy of your current declaration page:

Coverage	Policy Period	Carrier	Limits	Deductible	Premium	RetroDate
Professional Liability (E&O)						
Surety Bond						
General Liability						
Fidelity Bond						

Has any of your prior coverage above, ever been cancelled or non-renewed? **(other than being non-renewed due to the carrier no longer writing this type of coverage)?** Yes No

If **yes**, provide details: _____

COVERAGE REQUESTED

1. Effective Date Requested: _____
2. Limit Desired: \$100,000 \$250,000 \$500,000 \$1,000,000 Other: _____
3. Deductible (each claim): \$1,000 \$2,500 \$5,000 \$7,500 \$10,000 Other: _____

CLAIMS INFORMATION: (Attach a five (5) year loss history report)

If a **Yes** answer has been given to any of the questions in this section, please provide complete details which should include but not be limited to the following:

- | | | | |
|----|--|-----|----|
| 1. | To the best of the Applicant's knowledge in the past 36 months, have any of its present Officers, principals, partners, directors, or employees been the subject of any investigation and/or disciplinary action by any government regulatory agency, certifying body, or government entity? | Yes | No |
| 2. | To the best of the Applicant's knowledge in the past 36 months have any of the Applicant's present directors, officers, principals, owners, partners, salespersons, or employees been convicted of a felony? | Yes | No |
| 3. | Is the Applicant aware of any fact, circumstance, situation, error, or omission that can reasonably be expected to result in a claim against the Applicant for the coverage being applied for? | Yes | No |
| 4. | Have any claims, suits or proceedings been brought during the past five (5) years against the Applicant or its predecessors in business, affiliates; present directors, officers, principals, owners, partners? | Yes | No |
| 5. | Has the Applicant reported the matters listed above to its current or former insurance carrier? | Yes | No |

Representation Statement

The undersigned declares that, to the best of their knowledge and belief, the statements in this Application, any prior Applications, any additional material submitted, and any publicly available information published or filed by or with a recognized source, agency or institution regarding business information for the Applicant for the 3 years prior to the Policy's inception [hereinafter called "Application"] are true, accurate and complete, and that reasonable efforts have been made to obtain sufficient information from each and every individual or entity proposed for this insurance. It is further agreed by the Applicant that the statements in this Application are their representations, they are material and that the Policy is issued in reliance upon the truth of such representations.

The signing of this Application does not bind the undersigned to purchase the insurance and accepting this Application does not bind the Insurer to complete the insurance or to issue any particular Policy. If a Policy is issued, it is understood and agreed that the Insurer relied upon this Application in issuing each such Policy and any Endorsements thereto.

The undersigned further agrees that if the statements in this Application change before the effective date of any proposed Policy, which would render this Application inaccurate or incomplete, notice of such change will be reported in writing to the Insurer immediately.

Applicant Organization:

Print Name:

Title:

Signature:

Date:

Broker Info :

Broker Name:

Address:

Company Name:

Email:

Phone Number:

ADDITIONAL INFORMATION:

CLAIM SUPPLEMENTAL APPLICATION

Please read this entire Supplemental Application carefully before signing. Whenever used in this Supplemental Application, the term "Applicant" means the Named Insured(s). Please complete ONE Supplemental Application for EACH claim or incident.

Name of Applicant: _____

1. Name(s) of Claimant(s) or potential Claimant(s): _____

2. Name of Defendant(s) or potential Defendant(s): _____

3. Indicate: Incident (potential claim) Claim Lawsuit

(a) Date of alleged wrongful act, error or omission: _____

(b) Date Applicant became aware of the alleged wrongful act, error or omission: _____

(c) How did the Applicant become aware of the alleged wrongful act, error or omission:

4. Has the matter been reported to the current carrier: Yes No

Carrier Name : _____

Date Reported: _____

5. This matter is Open Closed

(a) If Closed, indicate the Total:

(1) Expense paid: \$ _____

(2) Damages paid: \$ _____

(b) If Closed indicate if: Court Judgment Out of Court Settlement Withdrawn

(c) If Open, indicate the Claimant Settlement Demand, if any: \$ _____

(d) If Open, indicate the Settlement amount offered by the Applicant: \$ _____

(e) If Open, indicate the amount of legal expenses paid to date: \$ _____

(f) If Open, indicate the Insurer's reserve for:

(1) Expenses: \$ _____

(2) Damages: \$ _____

6. Provide a detailed description of the claim or incident, including the allegations against the Applicant:

7. Please explain the corrective actions taken to prevent a similar claim or incident from reoccurring:

8. Attach a loss history report covering the last five (5) years if available

By signing this Supplemental Application, the Applicant understands and agrees that the information submitted herein and all attachments becomes a part of, is deemed attached to, and is subject to the same representations and conditions of, its application for professional liability insurance.

This Supplement Application must be signed and dated by a Principal, Partner, Managing Member or Senior Officer of the Applicant. Electronically reproduced signatures will be treated as original.

Applicant Organization: _____

Print Name: _____

Title: _____

Signature: _____

Date _____