

*Instructions for Applicant Organization:* Please type or **print in ink**. Answer all questions. If a question is not applicable, state NOT APPLICABLE. If the answer to any question is none, state NONE. If space is insufficient to answer any question fully, attach a separate sheet(s).

**MORTGAGE BANKERS PROFESSIONAL LIABILITY/ BOND APPLICATION**  
**THIS IS AN APPLICATION FOR A CLAIMS MADE AND REPORTED POLICY.**

**ALSO INCLUDE WITH THIS APPLICATION RESUMES OF KEY SENIOR PERSONNEL AND LATEST FULL YEAR FINANCIALS AND ANY INTERIM FINANCIALS AVAILABLE.**

**GENERAL INFORMATION**

1. a. Name of Applicant (include any subsidiaries for which coverage is requested): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- b. Address (No. & St.): \_\_\_\_\_  
\_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_
- c. Year Established: \_\_\_\_\_
2. a. Number of Locations: \_\_\_\_\_ List Name and address for each location (on a separate sheet if necessary):  
\_\_\_\_\_  
\_\_\_\_\_
- b. Number of Locations with Underwriting Authority: \_\_\_\_\_
3. a. Applicant is a:     Corporation:     Partnership:     Sole Proprietor     LLC
- b. Has there been any change in ownership or management in the past three years? .....  Yes  No  
If "Yes," explain: \_\_\_\_\_
- c. Identify all principals, persons, or entities owning 10% or more of the Applicant Company(ies), Parent Company (if any, please identify such as the parent), and indicate the percentage of ownership for each.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
If "Yes," please list: \_\_\_\_\_
- d. Contact Information:  
Contact Person and Title: \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_  
Web Address: \_\_\_\_\_

**TYPE OF OPERATION**

4. What percentage (if any) of the below Loan Origination Volume was funded by the Applicant's Warehouse Line? ..... \_\_\_\_\_ %

5. Mortgage Banking/ Mortgage Brokering Activities for the twelve (12) months ending: \_\_\_\_\_

	Number of Loans	Dollar Volume
a. Servicing:	_____	_____
b. Origination:	_____	_____
c. Origination Percentage:		
1-4—Family Residential	_____	_____%
Multi-family	_____	_____%
Other Income Property	_____	_____%
Other (please describe _____)	_____	_____%
	Total	100%
d. Type of Loans Originated:		
FHA/VA/Conventional	_____	_____%
Second/Equity Line Lending	_____	_____%
Construction Lending	_____	_____%
Mobile Home Lending	_____	_____%
Sub-Prime (please describe* _____)	_____	_____%
Other (please describe _____)	_____	_____%
	Total	100%

**\* (Note: If any Sub-Prime Loans, must complete Lending Supplemental Application: Sub-Prime Loans are those loans with a FICO score of 619 or less)**

6. Does the Applicant act as a master servicer of loans? .....  Yes  No  
 If "Yes," please provide details (including dollar amount of activity and source of funding):

---



---

7. List current number of employees by the following activities

- a. Mortgage Banking Professional Employees
    - (1) Board of Directors, Corporate Officers \_\_\_\_\_
    - (2) Loan Production \_\_\_\_\_
    - (3) Loan Servicing \_\_\_\_\_
    - (4) All Other Professional \_\_\_\_\_
  - b. Non-Mortgage Banking Professional Employees \_\_\_\_\_
  - c. Clerical Employees \_\_\_\_\_
- \_\_\_\_\_ Total Employees

d. Independent Loan Originators acting as Independent Contractors (ICs) \_\_\_\_\_  
**(Is coverage desired for these Independent Contractors).....**  Yes  No

**(Please 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.)**

### COMPANY PROCEDURES

8. Please confirm the Applicant has procedures to assure timely and proper disclosure of Good Faith Estimates and Truth in Lending Estimates.....  Yes  No

9. 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
10. Does the Insured have written policies with respect to the above as shown in question 9. (a., b., or c.), and are employees trained to comply)? .....  Yes  No
11. Are appraisals performed by in-house appraisers?.....  Yes  No  
If so, who assigns the appraisals (list the person's position)?  
\_\_\_\_\_
12. Are appraisals provided on a rotating basis? .....  Yes  No  
If "No," please advise how the Applicant protects itself from collusion between an appraiser and a loan officer.  
\_\_\_\_\_  
\_\_\_\_\_
13. a. Please describe below how denials of credit are offered.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- b. How has the Applicant addressed (including any new procedures or policies) the issue of predatory lending practices to prevent lawsuits in this area?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
14. What percentage of the number of total loans originated are reviewed by separate quality control personnel? ..... \_\_\_\_\_%
15. Does the Applicant obtain or anticipate revenues from any other services other than Loan Origination Activities?.....  Yes  No  
If so, please describe.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
16. To what professional associations does the Applicant firm belong?  
\_\_\_\_\_  
\_\_\_\_\_
17. Has the Applicant ever been required to repurchase any loan(s)? .....  Yes  No  
If so, please provide details as to when and what caused the repurchase.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
18. a. Does the Applicant operate in states which require a Mortgage Broker or Mortgage Correspondent to be licensed? .....  Yes  No
- b. If "Yes," please confirm all licenses are in force. ....  Yes  No
- c. Has the Applicant had any investigations into licensing or are there any ongoing license investigations from any state agency or other authority? .....  Yes  No  
If "Yes," please provide full details of investigation including the outcome and/or status: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- d. Does the Applicant commingle Investor funds or any other funds required to be segregated by law or a third party? .....  Yes  No

- e. Does the Applicant have a written procedural manual for employees to follow? .....  Yes  No
- f. Does the Applicant have a formalized training program for newly hired employees? .....  Yes  No  
 If "No" to question 18.e. or 18.f., how does the Applicant train new employees and/or confirm that managers are performing according to company guidelines? \_\_\_\_\_  
 \_\_\_\_\_

19. Does the Applicant participate in any telemarketing programs (either directly or indirectly)? .....  Yes  No  
 If so, how does the Applicant protect itself from claims from consumers on "Do Not Call Lists/registries"?  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

- 20. a. Does the Applicant purchase any type of "Fraud" Insurance or protection? .....  Yes  No  
 (Note Fraud coverage may be available, but is not the same as Fidelity Bond or Mortgage Bankers Bond coverage.)
- b. Is the Applicant interested in a proposal for the broader form of Mortgage Fraud Insurance, if available? .....  
 .....  Yes  No

21. Does the Applicant have a fraud monitoring or prevention system in place? .....  Yes  No  
 If "Yes", please describe \_\_\_\_\_  
 \_\_\_\_\_

22. 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

- 23. Does the Applicant utilize Automated Valuations and compare to on site appraisals:  
 Before Closing .....  Yes  No  
 Post Closing .....  Yes  No

- 24. a. Does the Applicant utilize a tracking system throughout the loan process such as "ENCOMPASS" or other similar system? .....  Yes  No
- b. Does the Applicant utilize a checklist (manual or automated) to confirm all appropriate steps have been accomplished? .....  Yes  No

25. Please confirm that the Applicant has dual controls in place so that no single person can control the loan throughout the entire loan origination or underwriting process? .....  Yes  No

- 26. 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) .....  Yes  No  
 b. Servicing Errors & Omissions (sometimes called Investor E&O) .....  Yes  No  
 c. Mortgage Company Professional Liability .....  Yes  No

Note that a credit for the Insured's premium may be allowed if the Insured requires the mortgage brokers it works with to have both Fidelity, E&O and Professional Liability coverage.

- 27. Please 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 office) 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

28. Does the Applicant not only verify that its 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

29. Has the Applicant hired within the last 12 months a large number (more than 20% of the Applicants total staff at the time of signing this application) of loan originators formerly employed by a competitor? .....  Yes  No

## AUDITING/QUALITY CONTROL INFORMATION

30. Does the applicant utilize MARI for:
- a. New employees?.....  Yes  No
- b. New Mortgage Brokers?.....  Yes  No
- c. Closing Agents?.....  Yes  No
31. 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 process?.....  Yes  No
32. Does the Applicant's Quality Control function include a new originator review and a review of new branches (if applicable)?.....  Yes  No
33. If the Applicant deals with correspondents, are these loans underwritten at the branch level? .....  Yes  No  Not Applicable
34. Does the Applicant use Lexus or similar search systems to check on new employees?.....  Yes  No
35. Does the Applicant have a compliance officer or similar position?.....  Yes  No

## INSURANCE AND CLAIM INFORMATION

36. Do you currently carry the following:
- a. Professional Liability Insurance? .....  Yes  No

If "Yes," please complete the following:

Policy Period	Carrier	Limit of Liability	Deductible	Premium	Retro Date

- b. Surety Bond? .....  Yes  No

If "Yes," please complete the following:

Policy Period	Carrier	Limit of Liability	Deductible	Premium

- c. General Liability Insurance?.....  Yes  No

If "Yes," please complete the following:

Policy Period	Carrier	Limit of Liability	Deductible	Premium

- d. Fidelity Bond? .....  Yes  No

If "Yes," please complete the following:

Policy Period	Carrier	Limit of Liability	Deductible	Premium	Retro Date

37. Was prior coverage ever cancelled or non-renewed? (OTHER THAN BEING NON-RENEWED DUE TO THE CARRIER NO LONGER WRITING THIS TYPE OF COVERAGE) (NOT APPLICABLE TO MISSOURI APPLICANTS).....  Yes  No

**IF "YES," PLEASE EXPLAIN REASON FOR NON-RENEWAL OR CANCELLATION.**

38. During the past five years, has the Applicant or any predecessor in business or any of the past or present partners, Officers, Directors, or employees been the subject of an investigation, reprimand, disciplinary action, criticism, or filed complaint by the FHA, VA, PMI carrier, any investor, authority, or governmental agency? .....  Yes  No

**If "Yes," how many?** \_\_\_\_\_

If "Yes," provide full details for each circumstance. \_\_\_\_\_

39. Has any professional liability claim or suit ever been brought against the Applicant and/or any predecessor company and/or any person proposed to be insured? .....  Yes  No

If "Yes," how many? \_\_\_\_\_

If "Yes," please complete a Claim Supplement/Potential Claim Supplement for each.

40. Does the applicant, or any predecessor in business or any of the past or present partners, Officers, Directors, or employees have any reasonable basis:

a. to believe that there has been a breach of a professional duty? .....  Yes  No

b. to believe that the applicant or any predecessor in business or any of the past or present partners, Officers, Directors or employees are aware of any circumstances, incidents, or situations during the past five years which may result in claims being made against the applicant, any of the past or present partners, Officers, Directors or employees or former employees of the applicant? .....  Yes  No

If "Yes," how many? \_\_\_\_\_

**If there is knowledge of any such fact, circumstance, or situation, any claim or action subsequently emanating therefrom shall be excluded from coverage under the proposed insurance.**

41. Coverage request

a. Professional Liability \$ \_\_\_\_\_ each wrongful act

Limit requested \$ \_\_\_\_\_ aggregate

b. Professional Liability

Deductible requested \$ \_\_\_\_\_ each wrongful act

**Please include the following items with this application:**

**a. Resumes of any new Key Senior Personnel**

**b. Latest full year financial statement or annual report and Interim Financials**

The undersigned authorized person, on behalf of the Applicant, attest that all claims have been reported if the Applicant is aware of them. The Applicant further understands that any claim submitted after the completion of this application shall render any terms provided void and Underwriters shall have the right to re-underwrite the Applicant. In addition, no information provided by this application or along with this application shall be deemed to report a claim. Such notice should be made as instructed by the policy.

The undersigned authorized person, on behalf of the applicant, attests that to the best of his/her knowledge and belief the statements set forth herein are true. Although the signing of this Application Form does not bind the undersigned to effect insurance, the undersigned agrees that this application and the said statements shall be the basis of the policy of insurance and deemed incorporated therein, should the Company evidence its acceptance of this application by issuance of a policy.

The undersigned authorized person on behalf of the applicant declares that the above statements are true, that neither the undersigned person nor the applicant has suppressed or misstated facts and that at the present time the applicant has no reason to anticipate any claims being brought against the applicant or any representative of the applicant or knowledge of any negligent act, error, omission or offense on the applicant's part or any representative of the applicant except as stated herein, and agrees that this Application Form shall be the basis of the contract between the applicant and the Company and shall be deemed a part hereof.

**NEW YORK—WARNING:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

**FRAUD WARNING:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of

misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Signing this form does not bind you to complete the insurance. Coverage will become effective upon approval of the application and issuance of the policy. It is agreed that this form will be the basis of the contract. Should a policy be issued, this form will be attached to and become a part of the policy.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_  
(Must be signed by Owner, Partner or President)

Date: \_\_\_\_\_  
Month/Day/Year

\_\_\_\_\_  
Producer's Name

\_\_\_\_\_  
Area Code

\_\_\_\_\_  
Phone Number