

Application

MORTGAGE BANKERS ERRORS AND OMISSIONS INSURANCE

FL- 137 MTG BANK



THIS APPLICATION IS FOR A CLAIMS-MADE INSURANCE POLICY

NOTICE: THE POLICY PROVIDES THAT THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNT INCURRED FOR LEGAL DEFENSE. FURTHER NOTE THAT AMOUNTS INCURRED FOR LEGAL DEFENSE SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.

PLEASE ATTACH THE FOLLOWING INFORMATION:

- ANNUAL FINANCIAL INFORMATION ON APPLICANT
- LATEST RESUMES OF THE PRINCIPALS
- COPY OF THE LATEST AUDIT OF INTERNAL CONTROLS AND PROCEDURES ALONG WITH MANAGEMENT'S RESPONSE
- MARKETING/PROMOTIONAL LITERATURE

1. NAME OF APPLICANT: _____ (LIST ALL INSUREDS)

PRINCIPAL ADDRESS: _____

2. LIMITS OF LIABILITY DESIRED: [] \$300,00 [] \$500,000 [] \$1,000,000 [] OTHER: _____

3. DEDUCTIBLE: [] \$10,00 [] \$15,000 [] \$25,000 [] OTHER: _____

4. APPLICANT IS: [] CORPORATION [] PARTNERSHIP [] INDIVIDUAL

5. YEAR ESTABLISHED: _____

6. IS THE APPLICANT FIRM CONTROLLED, OWNED OR ASSOCIATED WITH ANY OTHER FIRM, CORPORATION OR COMPANY? YES [] NO []

If "YES", attach an explanation.

ARE THERE ANY MORTGAGE BANKING ACTIVITIES PROVIDED TO THESE ENTERPRISES? YES [] NO []

If "YES" approximately what percentage of gross revenue? _____

7. A) NUMBER OF PROFESSIONALS _____

B) NUMBER OF NON-PROFESSIONALS (CLERKS/SECRETARIES) _____

C) TOTAL NUMBER OF SALARIED OFFICERS, EMPLOYEES AND PERSONS PROVIDED BY EMPLOYMENT CONTRACTS _____

D) LOCATIONS (OTHER THAN THE HOME OFFICE OF THE FIRST NAMED INSURED) IN THE U.S., CANADA, PUERTO RICO & VIRGIN ISLANDS

E) LOCATIONS OUTSIDE THE U.S., CANADA, PUERTO RICO & VIRGIN ISLANDS, LIST BELOW: _____

8. TO WHAT PROFESSIONAL ASSOCIATION(S) DOES THE APPLICANT BELONG? _____

9. LIST THE TOTAL GROSS RECEIPTS FOR THE PAST THREE (3) YEARS DERIVED FROM MORTGAGE BANKING ACTIVITIES:

YEAR	AMOUNT
A) CURRENT PROJECTED	\$ _____
B) _____	\$ _____
C) _____	\$ _____
D) _____	\$ _____

FOR THE RECEIPTS LISTED BELOW, PLEASE GIVE THE APPROXIMATE RECEIPTS DERIVED FROM THE FOLLOWING:

% OF GROSS RECEIPTS

LOAN ORIGINATION _____ %

LOAN SERVICING _____ %

LOAN SALES _____ %

Interest Income _____ %

Other (please specify) _____ %

TOTAL: _____ 100%

10. ORIGINATION

A) FIRST MORTGAGE LOANS ORIGINATED DURING PAST TWELVE MONTHS:

	DOLLAR VALUE	NUMBER	% CONSTRUCTION
1-4 FAMILY	_____	_____	_____
MULTI-FAMILY	_____	_____	_____
COMMERCIAL	_____	_____	_____
OTHER (SPECIFY)	_____	_____	_____
TOTAL	_____	_____	_____

B) SECOND MORTGAGES _____

C) LIST FIVE LARGEST LOANS ORIGINATED DURING PAST TWELVE MONTHS:

NAME OF PROJECT/CLIENT	LOAN AMOUNT
(1) _____	\$ _____
(2) _____	\$ _____
(3) _____	\$ _____
(4) _____	\$ _____
(5) _____	\$ _____

D) ARE IN HOUSE REVIEWS OF APPRAISALS DONE? YES [] NO []

E) WHAT PROCEDURES ARE FOLLOWED TO INSURE THAT PROPER HAZARD/FLOOD INSURANCE IS IN PLACE AT CLOSING?

11. SERVICING

A) LOAN PORTFOLIO

	DOLLAR VALUE	NUMBER	ARM'S	%
1 - 4 FAMILY	\$ _____	_____	_____	_____
SECOND MORTGAGES	\$ _____	_____	_____	_____
MULTI-FAMILY	\$ _____	_____	_____	_____
COMMERCIAL REAL ESTATES	\$ _____	_____	_____	_____
OTHER (SPECIFY)	\$ _____	_____	_____	_____

B) LIST FIVE LARGEST LOANS SERVICED:

NAME OF PROJECT/CLIENT	OUTSTANDING BALANCE
A. _____	_____
B. _____	_____
C. _____	_____
D. _____	_____
E. _____	_____

C) ESTIMATED % OF LOANS IN THE APPLICANT'S SERVICING PORTFOLIO THAT REQUIRES THE COLLECTION OF:

HAZARD/FLOOD INSURANCE ESCROW	_____
REAL ESTATE TAX ESCROW	_____
LIFE, A&H OR AD&D INSURANCE PREMIUM	_____
PMI PREMIUM	_____

D) DOES THE APPLICANT REQUIRE THAT IT BE NAMED AS "MORTGAGEE" IN A STANDARD MORTGAGE CLAUSE ON ALL HAZARD/

FLOOD INSURANCE? YES [] NO [] If "NO", please explain: _____

E) DOES THE APPLICANT ANNUALLY VERIFY HAZARD/FLOOD COVERAGE ON ALL MORTGAGES SERVICED? YES [] NO []

If "NO", please explain: _____

F) WHEN NECESSARY DOES THE APPLICANT "FORCE PLACE" COVERAGE USING "FORCED PLACE" INSURANCE COMPANY? YES [] NO []

G) WHAT ARE THE PROCEDURES TO DETERMINE IF REAL ESTATE PROPERTY TAXES HAVE BEEN PAID?

12. SELLING/MARKETING

A) APPROXIMATELY PERCENT OF LOANS SOLD DURING THE PAST TWELVE MONTHS THAT ARE GUARANTEED BY THE FOLLOWING ENTITIES?

FNMA FHLM
 GNMA PRIVATE INVESTORS

B) WHAT PERCENTAGE OF THE LOAN PORTFOLIO HAS BEEN SOLD "IN RECOURSE"?

C) HAVE ANY LOANS DURING THE PAST TWELVE MONTHS BEEN PUT BACK TO THE APPLICANT OTHER THAN FOR "RECOURSE" REASONS

(I.E., DOCUMENTATION, DEFICIENCIES, ETC) YES [] NO []

If "YES", number of loans: _____

AGGREGATE PRINCIPAL AMOUNT: \$ _____

13. WERE ANY RECOMMENDATIONS OR CRITICISMS MADE IN THE MOST RECENT AUDITS AND HAVE ALL RECOMMENDATIONS OR CRITICISMS BEEN CORRECTED?

	RECOMMENDATIONS	CORRECTED
INTERNAL	YES [] NO []	YES [] NO []
EXTERNAL YES NO YES NO	YES [] NO []	YES [] NO []
A) IS A COMPLETE EXTERNAL AUDIT MADE IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARD AND SO CERTIFIED?	YES [] NO []	

B) IF THE ANSWER TO A) IS "NO", EXPLAIN THE SCOPE OF THE CPA'S EXAMINATION: _____

C) NAME AND LOCATION OF CPA: _____

D) DATE OF COMPLETION OF THE LAST AUDIT BY CPA: _____

E) IS THE AUDIT REPORT RENDERED DIRECTLY TO ALL PARTNERS IF A PARTNERSHIP OR TO THE BOARD OF DIRECTORS IF A CORPORATION?
 YES [] NO []

F) IS THERE A CONTINUOUS INTERNAL AUDIT BY AN INTERNAL AUDIT DEPARTMENT?
 YES [] NO []

G) IF "YES", ARE MONTHLY REPORTS RENDERED DIRECTLY TO ALL PARTNERS IF A PARTNERSHIP OR TO THE BOARD OF DIRECTORS IF A CORPORATION?
 YES [] NO []

H) ARE MONEY AND SECURITIES ACTUALLY COUNTED AND VERIFIED?
 YES [] NO []

I) HOW OFTEN ARE LOAN BALANCES VERIFIED? _____

14. INTERNAL CONTROLS (OTHER THAN EXTERNAL AUDIT PROCEDURES):

A) DO YOU REQUIRE ANNUAL VACATIONS OF AT LEAST TWO CONSECUTIVE WEEKS FOR ALL PERSONNEL? YES [] NO []

B) IS THERE A FORMAL, PLANNED PROGRAM REQUIRING SEGREGATION OF DUTIES SO THAT NO SINGLE TRANSACTION CAN BE FULLY CONTROLLED FROM ORIGINATION TO POSTING BY ONE PERSON? YES [] NO []

C) ARE BANK ACCOUNTS RECONCILED BY SOMEONE NOT AUTHORIZED TO DEPOSIT OR WITHDRAW? YES [] NO []

If "NO", explain: _____

D) IS COUNTERSIGNATURE OF CHECKS (INCLUDING ESCROW ACCOUNTS) REQUIRED? YES [] NO []

If "NO", explain: _____

E) ARE MONTHLY STATEMENTS (WHETHER OR NOT THERE WAS ACTIVITY IN THE ACCOUNT) MAILED DIRECTLY TO ALL CUSTOMERS? YES [] NO []

If "NO", explain: _____

15. HAS THERE BEEN ANY CHANGE IN OWNERSHIP OR MANAGEMENT WITHIN THE PAST THREE YEARS? YES [] NO []

If "YES", explain: _____

16. HAS ANY SIMILAR INSURANCE BEEN DECLINED OR CANCELLED? YES [] NO []

If "YES", explain: _____

17. IS SIMILAR COVERAGE CURRENTLY IN FORCE? YES [] NO []

If "YES", explain: _____

NAME OF CARRIER: _____ LIMIT: \$ _____

EXPIRATION DATE: _____ PREMIUM: \$ _____

DEDUCTIBLE: \$ _____

LENGTH OF TIME COVERAGE HAS BEEN IN FORCE: _____

18. HAVE ANY OF THE FIRM'S PRINCIPALS EVEN BEEN THE SUBJECT OF DISCIPLINARY ACTION BY AUTHORITIES AS A RESULT OF THEIR PROFESSIONAL ACTIVITIES?
YES [] NO []

If "YES", explain: _____

19. DURING THE PAST TWELVE MONTHS, HAVE ANY ALLEGATIONS BEEN MADE AGAINST THE APPLICANT FOR VIOLATIONS OF THE TRUTH-IN-LENDING ACT, THE EQUAL CREDIT OPPORTUNITY ACT OR THE REAL ESTATE SETTLEMENT PROCEDURES ACT? YES [] NO [] If "YES", please attach details.

20. DOES ANY PERSON TO BE INSURED HAVE KNOWLEDGE OR INFORMATION OF ANY ACT; ERROR OR OMISSION, WHICH MIGHT REASONABLY BE EXPECTED TO GIVE, RISES TO A CLAIM? YES [] NO []

If "YES", please attach full particulars.

21. ATTACH A LIST AND STATUS OF ALL ERRORS AND OMISSIONS/PROFESSIONAL LIABILITY CLAIMS MADE AGAINST ANY PROPOSED INSURED(S) DURING THE PAST THREE YEARS. IF NONE, PLEASE CHECK HERE: [] NONE

21. IT IS AGREED THAT WITH RESPECT TO QUESTIONS #18, #19, #20 AND #21, THAT IF SUCH KNOWLEDGE OR INFORMATION EXISTS ANY CLAIM OR ACTION ARISING THEREFROM IS EXCLUDED FROM THIS PROPOSED COVERAGE.

THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY TO COMPLETE THE INSURANCE BUT IT IS AGREED THAT THIS FORM SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED. THE UNDERSIGNED APPLICANT DECLARES THAT TO THE BEST OF HIS KNOWLEDGE THE STATEMENTS SET FORTH IN THIS APPLICATION ARE TRUE. THE APPLICANT FURTHER DECLARES THAT IF THE INFORMATION SUPPLIED ON THESE APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE TIME WHEN THE POLICY IS ISSUED, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGE.

NOTICE TO APPLICANTS:--ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHILE IS CRIME.

NOTICE: ANY PERSON WHO KNOWINGLY AND WITH THE INTENT TO DEFRAUD PROVIDES FALSE INFORMATION IN AN INSURANCE APPLICATION, OR PRESENTS, ASSISTS, OR MAKES A FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS OR OTHER BENEFIT, OR PRESENTS MORE THAN ONE CLAIM FOR THE SAME INCIDENT OF DAMAGE OR LOSS, WILL COMMIT A FELONY AND IF CONVICTED WILL BE SENTENCED FOR EACH VIOLATION WITH A FINE OF NO LESS THAN FIVE THOUSAND (\$5,000) DOLLARS AND NOT EXCEEDING TEN THOUSAND (\$10,000) DOLLARS, OR BE SENTENCED TO IMPRISONMENT FOR A THREE (3) YEAR TERM, OR BOTH PENALTIES. IN THE EVENT OF AGGRAVATING CIRCUMSTANCES, THE TERM COULD BE INCREASED TO A MAXIMUM OF FIVE (5) YEARS; IN THE EVENT OF INTERVENING EXTENUATING CIRCUMSTANCES IT COULD BE REDUCED UP TO A MINIMUM OF TWO (2) YEARS.

APPLICANT/INSURED _____ BY: _____

TITLE: _____ DATE: _____

PRODUCER: _____ ADDRESS: _____

PLEASE READ THE FOLLOWING STATEMENT CAREFULLY AND SIGN BELOW WHERE INDICATED.

THE INSURED HEREBY ACKNOWLEDGES THAT HE/SHE/IT IS AWARE THAT THE LIMIT OF LIABILITY CONTAINED IN THIS POLICY SHALL BE REDUCED, AND MAY BE COMPLETELY EXHAUSTED BY THE COSTS OF LEGAL DEFENSE AND, IN SUCH EVENT, THE INSURER SHALL NOT BE LIABLE FOR THE COSTS OF LEGAL DEFENSE OR FOR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT TO THE EXTENT THAT SUCH EXCEEDS THE LIMIT OF LIABILITY OF THIS POLICY.

THE INSURED HEREBY FURTHER ACKNOWLEDGES THAT HE/SHE/IT IS AWARE THAT LEGAL DEFENSE COSTS THAT ARE INCURRED SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.

INSURED: _____ BY: _____

TITLE: _____ DATE: _____