ExecutivePerils

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dba: Executive Perils Insurance Services

**MORTGAGE BANKERS/MORTGAGE BROKERS ERRORS AND OMISSIONS INSURANCE**

**APPLICATION**

IF AN ERRORS AND OMISSIONS POLICY IS ISSUED, IT WILL BE ON A CLAIMS MADE BASIS

**NOTICE: THIS IS A CLAIMS MADE FORM, EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN. THE COVERAGE OF THIS POLICY IS LIMITED GENERALLY TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND REPORTED IN WRITING TO THE INSURER WHILE THE POLICY IS IN FORCE. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE HEREUNDER WITH YOUR INSURANCE AGENT OR BROKER.**

NOTICE: THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR DEFENSE COST. AMOUNTS INCURRED FOR DEFENSE COSTS SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.

PLEASE ATTACH THE FOLLOWING INFORMATION TO THE APPLICATION

1. Annual Financial Information on Applicant
2. Latest Resumes of the Principals
3. Copy of latest audit of internal controls and procedures along with management’s response
4. Marketing/Promotional Literature

NAME OF APPLICANT:

(List all insureds, including Employee Benefit Plans)

PRINCIPAL ADDRESS:

Desired coverage

a) E & O (limits/deductible) /

b) Bond (limits/deductible) /

Applicant is a (check appropriate box): Corporation 🞏 Partnership 🞏 Individual 🞏

Year Established

Is the Applicant controlled, owned or associated with any other firm, corporation or company? Yes🞏 No🞏

If “Yes”, attach an explanation.

Are any Mortgage Banking Activities provided to these enterprises? Yes🞏 No🞏

If “Yes”, approximately what percentage of gross revenues?

a) Number of professionals

b) Number of non-professionals(clerks, secretaries, etc.)

c) Total number of salaried officers, employees and persons provided by employment contractors

d) Number of locations (other than the Home Office) in the U.S., Canada, Puerto Rico and Virgin Islands

e) Number of locations outside the U.S., Canada, Puerto Rico and Virgin Islands,

Please list locations:

To what professional association(s) does the applicant belong?

Complete the following: Total Assets

(a)As of latest Dec. 31 $

(b)As of latest June 30 $

List the total gross receipts for the past three years derived from Mortgage Banking Activities.

YEAR AMOUNT

a) Current Projected

b)

c)

d)

For the receipts listed above, please give the approximate receipts derived from the following

% OF GROSS RECEIPTS

Loan Originating

Loan Servicing

Loan Sales

Interest Income

Other (Specify)

TOTAL 100%

ORIGINATION

a) First Mortgage Loans Originated during past 12 months

Loan Portfolio Dollar Value Number %Construction

1-4 Family

Multi-family

Commercial

Other (Specify)

Total

b) Second Mortgages

c) List five largest loans originated during past 12 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?

SERVICING

a) Loan Portfolio Dollar Value Number ARM’s

1-4 Family %

Multi-family %

Commercial %

Other (Specify) %

Total %

b) List five largest loans serviced:

Name of Project/Client Outstanding Balance

1)

2)

3)

4)

5)

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”, what procedures are in place to maintain the adequacy of hazard/flood coverage?

f) When necessary does the Applicant “force place” coverage using a “forced place” insurance company? Yes🞏 No🞏

g) What are the procedures to determine if real estate property taxes have been paid?

GEOGRAPHIC BREAKDOWN OF LOANS

List the five states where the most loans are originated and/or serviced:

STATE APPROXIMATE % OF TOTAL

1)

2)

3)

4)

5)

SELLING/MARKETING

a) Approximate percent of loans sold during the past twelve months that are guaranteed by the following entities?

FNMA

GNMA

FHLM

Private Investors

b) What percent of the loan portfolio has been sold “with 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”, # of loans , aggregate principal amount $

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🞏

a) Is a complete external audit made in accordance with generally accepted auditing standards and so certified?

Yes🞏 No🞏 If “No”, explain the scope of the CPA’s examination.

b) Name and location of CPA

c) Date of completion of the last audit by CPA

d) Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes🞏 No🞏

e) Is there a continuous internal audit by an Internal Audit Department? Yes🞏 No🞏

If “Yes”, are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes🞏 No🞏

f) Are money and securities actually counted and verified? Yes🞏 No🞏

g) How often are loan balances verified?

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 form 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”, please explain

d) Is countersignature of checks (including escrow accounts) required? Yes🞏 No🞏

If “No”, please explain

e) Are monthly statements (whether or not there was activity in the account) mailed directly to all customers? Yes🞏 No🞏If “No”, please explain

Has there been any change in ownership or management within the past three years?

Yes🞏 No🞏 If “Yes”, please explain

Has any similar insurance been declined or canceled? Yes🞏 No🞏 If “Yes”, please explain

(Missouri applicants are not required to answer this question)

Is similar coverage currently in force? Yes🞏 No🞏 If “Yes”, please provide:

*E&O*

Name of Carrier

Expiration Date

Limit of Liability

Deductible

Premium

Length of time in force

Have any of the firms principals ever been the subject of disciplinary action by authorities as a result of their professional activities? Yes🞏 No🞏 If “Yes”, please explain

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”, attach details.

Does any person to be insured have knowledge or information of any act, error or omission which might reasonably be expected to give rise to a claim? Yes🞏 No🞏

If “Yes”, please attach full particulars.

Attach a list and status of all errors and omissions/professional liability claims made against any proposed Insured(s) during the past three years. Check if none🞏

Attach a detailed list of all bond losses sustained during the past three years, whether reimbursed or not,

from to . Check if none🞏

(month, date, year) (month, date, year)

It is agreed with respect to questions #20, #21, #22, #23 and #24, 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/BOND BE ISSUED, AND IT WILL BE ATTACHED TO AND MADE PART OF THE POLICY/BOND. 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 THIS APPLICATION CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE TIME WHEN THE POLICY/BOND IS ISSUED, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGE.

**NOTICE TO NEW YORK APPLICANTS: 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.**

**NOTICE TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.**

**NOTICE TO KENTUCKY APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE 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.**

**NOTICE TO PENNSYLVANIA APPLICANTS: 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.**

**NOTICE TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION**

**ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.**

**NOTICE TO FLORIDA APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE.**

APPLICANT’S

PRODUCER: SIGNATURE

ADDRESS: TITLE:

DATE:

NEW YORK APPLICANTS: PLEASE READ THE FOLLOWING STATEMENT CAREFULLY AND SIGN BELOW WHERE INDICATED. IF A POLICY/BOND IS ISSUED, NEW YORK INSURANCE DEPARTMENT REGULATIONS REQUIRE THAT THIS SIGNED STATEMENT BE ATTACHED TO THE POLICY.

The insured hereby acknowledges that he/she/it/ is aware that the limit of liability contained in this policy/bond 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/bond.

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: