

**SUA Mortgage Bankers Bond/Professional Liability Application**

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

**Coverage Request (Check box if coverage is desired):**

- Mortgage Company Professional Liability:  **Limit Request:** \_\_\_\_\_
- Mortgage Bankers Bond (with Mortgagee's/Investor E&O):  **Limit Request:** \_\_\_\_\_
- Cyber Liability\*:  **Limit Request:** \_\_\_\_\_
- Directors & Officers Liability\*:  **Limit Request:** \_\_\_\_\_
- Employment Practices Liability\*:  **Limit Request:** \_\_\_\_\_

\*Separate application required

**Current Coverage:**

	<i>Policy Period</i>	<i>Carrier</i>	<i>Limit</i>	<i>Deductible</i>	<i>Premium</i>	<i>Retro Date</i>
Mortgage Banker's Bond/Fidelity Bond						
Professional Liability						
Cyber Liability						
Directors & Officers Liability						
Employment Practices Liability						

**General Questions:**

1. a) Name of Applicant: \_\_\_\_\_ b) Year Established: \_\_\_\_\_  
 c) List any subsidiaries for which coverage is desired: \_\_\_\_\_  
 d) Street Address: \_\_\_\_\_  
 e) City: \_\_\_\_\_ f) State: \_\_\_\_\_ g) Zip Code: \_\_\_\_\_  
 h) Website: \_\_\_\_\_  
 i) Contact Person: \_\_\_\_\_ j) Phone: \_\_\_\_\_ k) E-mail: \_\_\_\_\_
2. Number of Locations with Underwriting Authority: \_\_\_\_\_
3. List the States of All Locations: \_\_\_\_\_
4. a) Organization type:  Corporation  Partnership  Sole Proprietor  LLC  Individual Loan Originator  
 b) Has there been any change in ownership or senior management in the past three years?  Yes  No
5. 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.  
 \_\_\_\_\_
6. Describe the Applicant's nature of business: \_\_\_\_\_
7. Does the Applicant obtain or anticipate revenues from services other than Mortgage Banking activities?  Yes  No  
 a) If "Yes", please provide annual revenues from each service and state if coverage is desired. \_\_\_\_\_
8. Please list all Professional Associations that the applicant is a member of: \_\_\_\_\_

9. **Financial Information**

- a) Are the Applicant's financial statements prepared or audited by a CPA?  Yes  No
- b) Does the Applicant have sufficient working capital for the next 12 months of operations?  Yes  No

	Last Fiscal Year	Current Year
c) Assets	_____	_____
d) Liabilities	_____	_____
e) Revenues	_____	_____
f) Net Income	_____	_____
g) Real Estate Owned (REO)	_____	_____

10. **Employee Count (List the current number of employees by the following activities)**

- a) Loan Production \_\_\_\_\_
- i) Loan Officers included in Loan Production \_\_\_\_\_
- b) Loan Servicing \_\_\_\_\_
- c) All Other Employees \_\_\_\_\_
- d) Individual Loan Originators (Including 1099) acting as Independent Contractors (ICs that do loan origination services for the Applicant) (Check if coverage is desired)  \_\_\_\_\_
- e) Total Employees (Combine Sections a, b, c and d if coverage for ICs is desired) \_\_\_\_\_
- f) How many of the above Total Employees are Colorado Mortgage Loan Originators registered with D.O.R.A. \_\_\_\_\_
- g) How many of the above Total Employees are Non-Mortgage Banking Employees (Number and Describe) \_\_\_\_\_

**Mortgage Banking/Mortgage Brokering Activities for the twelve (12) months ending**  
**(If the company has not yet originated or brokered any mortgages, please provide future projections):**

	Number of Loans	Dollar Volume
11. <b>Origination and Servicing Volume</b>		
a) Loan Origination Volume	_____	_____
b) Colorado Originations (CO Only)	_____	_____
c) Loan Servicing Volume		
i) Master Servicing (Where others are servicing)	_____	_____
ii) All Other Servicing (Including your own servicing)	_____	_____

	Number of Loans	Dollar Volume
12. <b>Type of Originations</b>		
a) Single Family Mortgage Residential (1-4)	_____	_____
b) Multi-Family Mortgage	_____	_____
c) Other Commercial Mortgage (Please describe)	_____	_____
d) Other (Please describe)	_____	_____

	Number of Loans	Dollar Volume
13. <b>Of the Single-Family Mortgage Residential originations:</b>		
a) How many are Qualified Mortgages	_____	_____
b) How many are Higher-Priced (According to the ATR/QM of the Dodd-Frank Act)	_____	_____
c) How many are Non-Qualified Mortgages	_____	_____

14. **Types of Investors (Please provide the percentage of the total loan portfolio that is sold to the following entities (Totaling 100%))**
- a) Sold to Fannie Mae/Freddie Mac \_\_\_\_\_
- b) Sold to Other Institutional Investors (Please describe) \_\_\_\_\_
- c) Sold to Individual Investors \_\_\_\_\_
- d) Held in Applicant's Portfolio \_\_\_\_\_
- e) Other (Please describe) \_\_\_\_\_

15. What percentage of the applicant's loan portfolio is securitized by the Applicant? \_\_\_\_\_

16. Type of Loan Classification (Please note the total percentage does not have to equal 100%)
- |                               |                                |
|-------------------------------|--------------------------------|
| a) FHA/VA/Conventional _____  | b) ARMs _____                  |
| a) GNMA Loans _____           | b) Low Doc/No Doc _____        |
| c) Second/Equity _____        | d) Interest-Only _____         |
| e) Line Lending _____         | f) Balloon _____               |
| g) Construction Lending _____ | h) Greater than 100% LTV _____ |
| i) Mobile Home Lending _____  | j) Subprime (Below 620) _____  |
| k) Jumbo _____                | l) Reverse Mortgages _____     |

17. Have you introduced any new Loan Products in the past 12 months?  Yes  No
18. What is the average FICO score? \_\_\_\_\_
19. Does the Applicant obtain funds to close loans using a Warehouse Line of Credit?  Yes  No
- a) If "Yes", what is the average dwell time of a loan on the Applicant's Warehouse Line of Credit?
- b) If "Yes", please list all current or prospective Warehouse Lenders and the corresponding Limit on the Line of Credit.

20. What percentage of the total Loan Origination Volume was funded by the following:

Warehouse Line	Private Money	Applicant	Other (Please Describe)
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**Professional Liability Questions**

21. Does the Applicant have formal written quality control procedures in place?  Yes  No
22. What percentage of loan originations are subject to Quality Control review? \_\_\_\_\_
23. Please confirm if the TILA-RESPA Integrated Mortgage Disclosure Rule (TRID) is applicable to your company? If "No", Please explain.  Yes  No

- a) If "Yes", please confirm that the Applicant is TRID compliant.  Yes  No
24. Does the Applicant know of any or have any reported violations of laws in any of the following (TILA, RESPA, ECOA, Dodd Frank, TRID, or other consumer related lending laws) If "Yes", please provide a detailed description of their findings, fines, and what measures have been taken to correct errors.  Yes  No

25. In the past, has the Applicant utilized any outside legal services or consultants to implement new regulatory compliance of Dodd Frank, TRID, or other similar national and local legislations.  Yes  No
26. Has the applicant been investigated, audited, or fined by the CFPB or other similar national and local regulatory agencies? If Yes, please describe which agency, the results of the investigation, and any corrective actions taken.  Yes  No

27. Does the Applicant use regulatory compliance software? (Please describe).  Yes  No

28. Does the Applicant run background checks on loan closing agents or settlement agents (including attorneys in attorney states)?  Yes  No
29. Has the Applicant ever been required to repurchase or indemnify any loan(s)? (If "Yes", please provide the number of loans, the dollar volume, details of the repurchase, and any corrective actions taken.)  Yes  No

30. Please confirm all required licenses are in force.  Yes  No
31. Has the Applicant had any investigations into licensing or are there any ongoing license investigations from any state agency or other authority? If "Yes", please provide full details of investigation including the outcome and/or status.  Yes  No

32. Does the Applicant verify that its originators (both employees and 1099 status) are not registered to another company's address where such information is available?  Yes  No
33. Please confirm that if the Applicant originates loans through mortgage brokers submitting to the Applicant, then they require the following coverages 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 Mortgagee's/Investor E&O)  Yes  No
- c) Mortgage Company Professional Liability  Yes  No
- d) List Top 3 Mortgage Correspondents (If any) \_\_\_\_\_

34. Does the Applicant own a title company or agency or are you affiliated with a title company and/or escrow company?  Yes  No
35. Does the Applicant utilize a fraud detection service (What software or company do you use?)  Yes  No

36. 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
37. 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
38. Does the Applicant commingle Investor funds, or any other funds, required to be segregated by law or a third party?  Yes  No

**Mortgage Banker's Bond Supplemental Information**

If the Applicant is not requesting Bond coverage, check here  and proceed to Question 48 of this application.

39. List Loss Payee Requirements for Investors/Warehouse Lenders

40. Do all company warehouse lenders hold the original mortgage and note as collateral? If "No", what controls do these lenders employ with respect to such collateral?  Yes  No

41. Are bank accounts reconciled by someone not authorized to deposit or withdraw? If "No", please describe what controls are in place.  Yes  No

42. Is countersignature of checks (including escrow accounts) required? If "No", please describe what controls are in place to prevent check writing fraud.  Yes  No

43. Are all cash balances, bank balances, or similar balances reconciled on a monthly basis? If "No", please describe what controls are in place.  Yes  No

44. Are reconciliations prepared and supervised by an individual with no responsibility for cash receipts or disbursements by means of checks or wire transfer? If "No", please describe what controls are in place.  Yes  No

45. Please estimate the annual number of outgoing wire transfer transactions above \$5,000 \_\_\_\_\_

46. Does an officer, who is not responsible for the receipt or disbursement of cash, review all reconciliations and question unusual unreconciled items? If "No", please describe what controls are in place.  Yes  No

47. Does the Applicant verify the validity of funds transfer or payment requests with out-of-band authentication procedures? (Out-of-band means using a different means of communication from the funds transfer or payment request. For example, if the request comes in via email, the applicant will verify the validity of the request by calling the requesting party back at a pre-approved phone number.) If "No", how does the applicant protect itself from fraudulent fund requests.  Yes  No

**Loan Servicing Portfolio Supplemental Information**

If No Loan Servicing, check here  and proceed to Question 55 of this application.

48. What percentage of the Loan Servicing Volume is in foreclosure? \_\_\_\_\_
49. At loan closing, are measures taken to verify that proper insurance is in place?  Yes  No
50. Estimated volume of condominium or PUD loans serviced \_\_\_\_\_
51. Do you service loans that require earthquake insurance?  Yes  No
52. Is a tax service used to track real estate property taxes on escrowed loans and to verify that the borrower has made real estate tax payments on non-escrowed loans? If "No", what procedures are followed to make sure that real estate taxes are paid?  Yes  No
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53. At insurance renewal are measures taken to verify that proper insurance is in place?  Yes  No
54. If necessary, would the company "Force Place" coverage? If "No", explain method of providing required physical damage insurance and hazard flood insurance when insurance is canceled or non-renewed and replacement is not received from the borrower.  Yes  No

**Construction Lending Supplemental Information**

If No Construction Lending, check here  and proceed to Question 66 of this application.

55. Breakdown of construction loan activity this past year:
- |                            | Number of Loans | Dollar Volume |
|----------------------------|-----------------|---------------|
| a) 1-4 Family              |                 |               |
| b) Multi-Family            |                 |               |
| c) Commercial Property     |                 |               |
| d) Total (Add a through c) |                 |               |
56. Does the company require Builder's Risk Insurance to be written on "all risk" basis?  Yes  No
57. Does the company verify Builder's Risk coverage by receiving the original policy prior to the inception of construction activities?  Yes  No
- a) If either answer to Question 56 or 57 is "No", please explain. \_\_\_\_\_

58. When a project is completed, or when occupied, Builder's Risk Insurance usually terminates automatically. Please describe the Company's procedure to convert Builder's Risk Insurance to a Standard Property Insurance Policy when construction is complete or occupied. \_\_\_\_\_

59. Does the Company always obtain a take-out commitment from an institutional lender prior to issuing a commitment to fund construction loans? If "No", how is the company protected against the financial failure of a construction project?  Yes  No

60. Where does the Company obtain funds from which to make construction loans?
- a) Company Funds  Yes  No
- b) Permanent Investors' Funds  Yes  No
- c) Warehouse Line of Credit  Yes  No
- d) Other (specify) \_\_\_\_\_

61. What type of guarantees are required on a construction loan?
- a) Full personal guarantee of developer  Yes  No
- b) Guarantee of developer and spouse  Yes  No
- c) Guarantee of completion bond  Yes  No
- d) Performance bond  Yes  No
- e) Other (specify) \_\_\_\_\_

62. Does the Company authorize and pay out land costs and/or fees to the developer for its outside services prior to commencing disbursement of actual physical progress payments?  Yes  No

63. What percentage of the construction loan funds and reserves for taxes, insurance and subcontractors' retainage are withheld until final completion? \_\_\_\_\_
64. Are progress payments authorized only after physical inspection?  Yes  No  
 a) Describe the extent of physical inspection. How Often? At what stages of construction? By who (position)? Is this person the same as the officer or employee who served in soliciting or approving the loans?

65. Does the company use "in-house" (or outside) appraisers to review construction plans and/or make appraisals?  Yes  No

**Claims Related Questions:**

66. Has any insurance been declined or canceled during the past five years? (Not applicable in the state of Missouri)? If "Yes", please explain  Yes  No

67. 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? If "Yes", please explain  Yes  No

68. Does the applicant, or any predecessor in business or any of the past or present partners, Officers, Directors, or employees have any reasonable basis 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 has resulted or 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? If "Yes", please explain  Yes  No

69. List all losses sustained during the past five years, whether reimbursed or not, from \_\_\_\_\_ to \_\_\_\_\_  
 Check if none

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	If Loss occurred at other than Main Office, state location

**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.**

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:

Date:

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Title:

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