

**APPLICATION FOR PROFESSIONAL LIABILITY ERRORS & OMISSIONS INSURANCE**

**IF COVERAGE IS ISSUED, IT WILL BE ON A CLAIMS-MADE BASIS**

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

1. NAME OF APPLICANT:

ADDRESS:

2. LIMIT OF LIABILITY DESIRED:

\$500,000                      \$1,000,000                      \$2,000,000                      Other

3. DEDUCTIBLE:

\$5,000                      \$10,000                      \$25,000                      Other

4. Please describe in detail the professional activities for which coverage is desired:

5. Is the applicant engaged in any business or profession other than as described in Item 4?  
If yes, please attach an explanation and estimated revenues.

6. List the total gross revenues for the past two years derived from those activities in Question 4. In addition, please list projected revenues for the current year.

<b>YEAR</b>	<b>AMOUNT</b>
a) Current Projected	\$
b)	\$
c)	\$

7. For the revenues listed in question 6a), please give the approximate percentage derived from each of the activities listed in Question 4:

ACTIVITY	% OF 6a) REVENUES
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%

%

%

%

8. Applicant is: Corporation Partnership Individual

9. Year Established:

10. Is the Applicant Firm controlled, owned or associated with any other firm, corporation or company?  
 YES      NO      If yes, attach an explanation. Are any activities listed in Question 4 provided to such  
 business enterprise? YES      NO

11. a) Number of principals, partners, officers and professional employees directly engaged in providing services to clients:

b) Number of non-professional employees (clerks, secretaries, etc.):

12. Please provide the following:

Name in full of ALL Partners/Principals/ Key Employees.	PROFESSIONAL QUALIFICATIONS	DATE QUALIFIED	HOW LONG IN PRACTICE	HOW LONG AS PARTNER/ PRINCIPAL
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13. To what professional association(s) does the Applicant Firm belong?

14. Please include a list of Applicant Firm's five (5) largest jobs or projects during the past three (3) years. Please give, in detail: 1) project/client name; 2) the nature of the services performed for the client; and 3) the revenues obtained from those services.

15. Does the Applicant Firm use a written contract with client?

In all cases

Sometimes

Never

Please attach a copy of your standard contract(s).

16. What percentage of the Applicant Firm's business involves subcontracting of work to others? %. Does the Applicant Firm provide professional services to business entities in which it retains an ownership interest  
Yes No If yes, please explain.

17. Has any similar insurance ever been declined or cancelled? Yes (If yes, attach explanation.) No

18. Is similar insurance currently in force? Yes No  
If yes, please provide:

Description of services being covered:

Name of Insurer:

Expiration Date:

Prior Acts/Retro. Date:

Limit: \$

Deductible: \$

Premium: \$

Length of time coverage has been in force:

19. Attach most recent audited financial statements (or recent tax returns) and descriptive or promotional materials.

(A) Estimated Gross receipts for current fiscal period: \$

(B) Estimated Cost of Goods Sold for current fiscal period: \$

20. Have any of the individuals listed in question No. 12 ever been the subject of disciplinary action by authorities as a result of their professional activities? Yes No If yes, please explain.

21. 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 against him/her. YES NO If yes, please complete a Supplemental Claim Information form for each.

22. After inquiry have any claims been made against any proposed Insured(s) during the past three (3) years? Yes No If yes, please complete a supplemental Claims Information form for each claim. Also, how many claims have been made in the last three (3) years?

***It is understood and agreed that with respect to questions 20, 21 and 22 above, that if such knowledge or information exists any claim or action arising therefrom is excluded from this proposed coverage.***

**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 CONTAINING ANY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.**

The Applicant hereby acknowledges that he/she/it is aware that the limit of liability 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 judgement or settlement to the extent that such exceeds the limit of liability.

The Applicant hereby further acknowledges that he/she/it is aware that legal defense costs that are incurred shall be applied against the deductible amount.

I HEREBY DECLARE that, after inquiry, the above statements and particulars are true and I have not suppressed or misstated any material fact and that I agree that this application shall be the basis of the contract with the Underwriters.

Signature of person authorized to execute on behalf of the Applicant:

\_\_\_\_\_ Title

Date

This Application Form duly completed, together with any supplementary information, must be signed in ink by the person indicated.

Signing of this form does not bind the Applicant or the Underwriters to complete the insurance.

**MORTGAGE BANKERS  
SUPPLEMENTAL APPLICATION**

- 1) What is the applicant's net worth? \$
- 2) Does the applicant participate in any projects or developments as a lender in its own right? Yes      No  
Please explain
- 3) Does the applicant make any direct investments in real estate or other property? Yes      No      Please explain
- 4) Please indicate percentage and amount of applicant's gross income attributable to each of the following sources based upon the past fiscal year and the latest consolidated fiscal year audited reports:

<u>Income Source</u>	<u>Actual Past Year</u>	<u>Estimate Current</u>
Origination Fees	\$	\$
Servicing Fees	\$	\$
Net Interest from Warehouse Loans	\$	\$
Profit or (Loss) from Sale of Loans	\$	\$
Insurance Commissions	\$	\$
Real Estate Commissions	\$	\$
Property Management Fees	\$	\$
Real Estate Appraisal Fees	\$	\$
Real Estate Consulting Fees	\$	\$
Other (Describe)	\$	\$

**Total Gross Income**

- 5) Number and dollar value of loans originated during last year:
  - Residential Properties -
    - Number      Dollar Value \$
  - Income Producing Properties -
    - Number      Dollar Value \$
- 6) Number and dollar value of loans serviced during last year:
  - Residential Properties -
    - Number      Dollar Value \$
  - Income Producing Properties -
    - Number      Dollar Value \$
- 7) Is the applicant a member of the Mortgage Bankers Association? Yes      No  
If yes, please attach evidence.
- 8) Is the applicant approved by HUD? Yes      No      If yes, please attach evidence.
- 9) Delinquency rate of the servicing portfolio:
 

<u>Year</u>	<u>Delinquency Rate</u>
a)	
b)	
c)	

- 10) a) What percentage of loans were sold during the past fiscal year to:
- |  |       |
|--|-------|
| Individuals                                | %     |
| Insurance Companies                        | %     |
| Pension Funds                              | %     |
| Federal National Mortgage Assoc. (FNMA)    | %     |
| Government National Mortgage Assoc. (GNMA) | %     |
| Commercial Banks                           | %     |
| Savings and Loan Associates                | %     |
| Other (Describe)                           | %     |
|  | 100 % |

b) Please indicate the federal sponsored agencies your organization has relationships with:

<u>Agency</u> Name	<u>Type of Relationship</u> Seller	<u>Estimate Current Mortgage</u> <u>Value of Agreement</u> Servicer
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c) Please attach copies of all approval form.

- 11) Does the applicant use warehousing lines? Yes No Please explain:
- 12) Does the applicant participate in any pools, syndicates or other arrangements as part of any projects or developments, either as a lender in their own right, or indirectly on any property for which mortgages are placed by the applicant?

#### QUALITY CONTROL PROCEDURES

- 13) Describe supervisory and precautionary measures used to foster quality control. (Please attach a copy of the written criteria & procedures)
- 14) Describe procedures implemented to ensure proper compliance with regulatory agencies.
- 15) Describe procedures implemented that proper insurance is in place on a loan to protect the lender.
- 16) Does the applicant fund loans without having an advance written commitment from an investor in the form of an agreement to purchase a given volume of loans at a certain price? Yes No Please Explain:

- 17) Describe how the internal audit function is performed. Include detailed description of audit process used for loan origination and mortgage servicing operations.
- 18) What source does the applicant use to check the financial status and credit history of the borrower?
- 19) What is the criteria used for appraiser selection?
- 20) Are appraisal assignments offered on a rotating basis? Yes No Please explain:
- 21) Are in-house reviews of real estate appraisals done? Yes No Please explain:
- 22) Does the applicant's institutional investors periodically confirm unpaid balances of their loans directly with mortgagors? Yes No Please explain:
- 23) Describe in detail your procedures regarding the receiving, processing and disbursing of funds.
- 24) Does the applicant use loan brokers or correspondents? Yes No If yes, please explain the selection process and list the qualifications required.

**It is understood and agreed that this supplemental application shall become part of the application for Professional Liability Errors & Omissions Insurance.**

Date

Name of Applicant

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Signature of person authorized  
to execute on behalf of the  
Applicant

# Supplementary Page

Please reference the number of the question to which these responses apply.