



**Proposal for Mortgage Bankers/Brokers Blanket Bond, Mortgage Errors & Omissions and Professional Indemnity Insurance**



1. **Applicant Name:**

2. **Principal Address:**

3. **Website (if available):**

4. **Date Established:**

5. **Nature of Business:**

Privately Owned       Public Company

6. **Revenue Details**

	Last Year	Current Year	Estimated Next Year
Fee Income/Commission	<input type="text"/>	<input type="text"/>	<input type="text"/>
Gross Fiscal Revenue	<input type="text"/>	<input type="text"/>	<input type="text"/>
Profit	<input type="text"/>	<input type="text"/>	<input type="text"/>

7(a). **Employee Numbers:**

Loan Origination \_\_\_\_\_  
 Loan Servicing \_\_\_\_\_  
 Independent Contractors \_\_\_\_\_  
 Other \_\_\_\_\_  
 TOTAL \_\_\_\_\_

Locations: \_\_\_\_\_  
 (including principal office)

Are any of the locations Net Branches?  
 Yes       No

7(b). **Do you have any mortgage brokers licensed in Colorado?**       Yes       No

**If yes** please advise the number of licensed Colorado brokers and **attach a list of individuals with their licence numbers.**

8(a). **Loan Origination: Please provide the number and dollar value of the following: (if none check box here , if a start up, please provide estimates)**

Income Property      No. \_\_\_\_\_      \$ \_\_\_\_\_  
 1-4 Family      No. \_\_\_\_\_      \$ \_\_\_\_\_  
 Second Mortgages      No. \_\_\_\_\_      \$ \_\_\_\_\_  
 Construction      No. \_\_\_\_\_      \$ \_\_\_\_\_  
 TOTAL      No. \_\_\_\_\_      \$ \_\_\_\_\_

**8(b). What percentage of originated loans are:**

Retail	_____ %	Sold to GSE's	_____ %
Wholesale	_____ %	Sold to other institutional investors	_____ %
<b>Total (should equal 100%)</b>	_____ %	Sold to individual investors	_____ %
1st lien	_____ %	Held in applicant's portfolio	_____ %
2nd lien	_____ %	Securitized by applicant	_____ %
HELOC	_____ %	<b>Total (should equal 100%)</b>	_____ %
<b>Total (should equal 100%)</b>	_____ %		

**8(c). What Percentage Of 1-4 Family Loans Originated are:**

30-Year Fixed	_____ %	15-Year Fixed	_____ %
ARMs	_____ %	Option ARMs	_____ %
Low Doc/No Doc	_____ %	Interest-Only	_____ %
Balloon	_____ %	Reverse	_____ %
>95% LTV	_____ %	>100% LTV	_____ %
<b>Total (Total May Exceed 100%)</b>	_____ %		

**9(a). Loan Servicing: Please provide the number and dollar value of the following: (if none check box here , if a start up, please provide estimates)**

Income Property	No. _____	\$ _____
1-4 Family	No. _____	\$ _____
Second Mortgages	No. _____	\$ _____
Construction	No. _____	\$ _____
TOTAL	No. _____	\$ _____

**9(b). Delinquency Servicing Ratios:**

30 - 59 Days	_____ %
60- 89 Days	_____ %
Over 90 Days	_____ %
REO	_____ %

Number of loans foreclosed in the past 12 months: \_\_\_\_\_

**10(a). Are you involved in sub-prime lending?**  Yes  No

**10(b). Please provide the paper quality breakdown of your lending portfolio:**

	Written	Average LTV
'A' Paper	_____ %	_____ %
'Alt. A' Paper	_____ %	_____ %
'B' Paper	_____ %	_____ %
'C' Paper	_____ %	_____ %
'D' Paper	_____ %	_____ %

**10(c). Please confirm the average FICO Score** \_\_\_\_\_

**11. Please confirm which Investors purchase your loans? (If extra space is required, please attach a separate sheet)**

- A. \_\_\_\_\_
- B. \_\_\_\_\_
- C. \_\_\_\_\_

**12(a). Do you have vendor / servicer status with:**

Freddie Mac	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Fannie Mae	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Ginnie Mae	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**12(b). Who provides your warehouse line(s) of credit?**

Lender	Amount of Line
_____	\$ _____
_____	\$ _____
_____	\$ _____

**13(a). Is there an internal audit department responsible for the oversight and review of internal audit programs?**  Yes  No

**13(b). Is an independent CPA audit carried out?**  Yes  No

**13(c). If yes, by whom:** \_\_\_\_\_

**13(d). How frequently are independent CPA audits carried out?** \_\_\_\_\_

**13(e). Are all locations audited?**  Yes  No

**13(f). Are any of these audits carried out on a random basis?**  Yes  No

**14(a). Do you utilize a fraud detection service?**  Yes  No

If yes, what percentages of loans are tested? \_\_\_\_\_ %

**14(b). What firm(s) are you using for fraud detection?** \_\_\_\_\_  
\_\_\_\_\_

**15(a). Do you have call back procedures in place to confirm VOE (Verification of Employment) prior to loan closing?**  Yes  No

**15(b). Do you have procedures in place to confirm VOD (Verification of Deposit) prior to loan closing?**  Yes  No

**16. Please describe the steps taken to verify borrowers' identities.** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**17. Do you run MARI (Mortgage Asset Research Institute) and/or background checks on all Loan Officers that originate loans?**  Yes  No

**18. In the past 12 months, how many loans have you been required to repurchase from, or indemnify Secondary Market Investors?** # \_\_\_\_\_

**19. How does the company keep abreast of applicable Federal and State regulations?** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**20. Do you originate no income – no asset loans?**  Yes  No

**21. Do loan underwriters have production goals based on the number of loans closed?**  Yes  No

**22. Do you own a title company or agency or are you affiliated with a title and/or escrow company?**  Yes  No

**23. Do you require title insurance on all loans funded for**  
1st mortgages/deeds of trust  Yes  No  
2nd mortgages/deeds of trust  Yes  No

**24. Prior to closing, do you obtain a closing protection letter from a creditworthy title insurer on every loan you fund?**  Yes  No

25. Do your closing agent agreements include language requiring that the closing agent inform you of recent escrows, closings, or change of title?  Yes  No
26. Do you require a 12-month or more chain of title?  Yes  No
27. Do you require closing agents/attorneys to have E&O insurance?  Yes  No
28. Do you require closing agents/attorneys to have fidelity insurance?  Yes  No
29. What disclosure procedures are in place to ensure full disclosure of the relationship between your mortgage company and your title entity? \_\_\_\_\_

*Please send a copy of this disclosure information*

30. Does the borrower have a choice of title agent?  Yes  No
31. What percentage of your mortgage company's borrowers use your title agency? \_\_\_\_\_%
32. Do you use outside Appraisers?  Yes  No  
If no, who is used (in house)? \_\_\_\_\_
33. Are Appraisers used on a rotating basis?  Yes  No  
If no, how does the applicant protect its self from collusion between an employee and appraiser \_\_\_\_\_

34. Do you require all appraisers to be state licensed?  Yes  No
- 35.(a) During the past 5 years, have you discovered any losses or potential losses in respect of Bond, Mortgage Errors & Omissions or Professional Indemnity?  Yes  No  
If yes please provide details:

<u>Date of Claim</u>	<u>Claimant</u>	<u>Brief Details</u>	<u>Claim Amount</u>

- (b) Do you have any knowledge or information of any facts or circumstances (other than those disclosed in Q.35 (a) which could give rise to a claim?

(Please attach details if applicable)

*The Applicant declares and warrants that after enquiry, to the best knowledge of all persons to be insured that the statements set forth herein and in any attachments made hereto are true and no material facts have been suppressed omitted or misstated. Underwriters reserve the right to deny or rescind coverage on any Policy that is issued as a result of this Application if, in the statements set forth herein and in any attachments made hereto it is found that material information has been omitted, suppressed or misstated.*

*Underwriters also reserve the right to amend the terms, conditions and limitations, coverage of any Policy that is issued as a result of this application, if subsequent to the date of this application, but prior to the inception date of such policy, there are any material alterations to the information contained herein. In the event of such material alteration, as aforesaid, the Applicant agrees to give immediate written notice to Underwriters and such notice shall attach to and form part of this application.*

*Signing this application does not bind the Applicant or Underwriters to complete the Insurance, but it is agreed that the statements and particulars contained herein will be relied upon by Underwriters should a Policy be issued.*

*This application is signed on behalf of all Owners, Partners, Shareholders, Corporate Officers and Employees.*

**AUTHORISED SIGNATURE OF APPLICANT**  
*Must be a principal of the Applicant and a person at risk*

**TITLE**

**DATED**

**Duty to Disclose Material Facts**

Since any insurance/reinsurance contract is based upon the duty of utmost good faith, it is important that those seeking insurance/reinsurance should provide full disclosure of all material facts to underwriters and that this information should be kept updated. The Courts will find a fact to be “material” where it would affect the judgement of a prudent underwriter as to whether or not to accept the risk at the particular terms offered. The practical advice, which we give to clients or producers, is this: if you are in doubt we recommend that you advise the information to insurers.

Please note also that a renewal will be based on the information which has already been provided to insurers. Therefore if there is any change in such information which has not yet been advised, this must now be advised to insurers.

## Supplemental Mortgage Bank Questionnaire

1. Do you verify mortgage Brokers' Licensing?  Yes  No
2. What is your minimum level of experience for a Broker? \_\_\_\_\_
3. Do you perform the following due diligence on the mortgage Brokers originating loans for you:
  - a. Net Worth  Yes  No  
If yes, what is your minimum net worth requirement: \$ \_\_\_\_\_
  - b. Mari Report  Yes  No
  - c. Brokers' procedures and controls manuals  Yes  NoIf you answered "no" to any of the above options, what type(s) of due diligence do you perform on Brokers with whom you do business? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Do you make an onsite visit to the Brokers office?  Yes  No  
If so, who in your office is responsible for this visit and what is reviewed?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Do you check to determine if Brokers have owned or affiliated businesses, such as appraisal, real estate, title, or escrow companies?  Yes  No
6. Do you have specific procedures your Brokers must follow when submitting a loan package to your company?  Yes  No
7. With how many Brokers do you currently do business? # \_\_\_\_\_
8. How many Broker relationships have you terminated in the past year? # \_\_\_\_\_
9. Do you track incident of early payment default by source of originating agent or wholesale Brokers?  Yes  No