

Amount

(g) Is Computer Systems Coverage desired? Yes No \$ _____

If "Yes", complete the following:

- (1) Number of independent software contractors or service bureaus authorized to design, develop, prepare, supply, service, write or implement programs for your Proprietary System
- (2) Is customer access to your Proprietary System, except by Automated Teller Machine, permitted? Yes No
- (3) If coverage is desired on Computer Systems **other than** leased, shared or other Automated Teller Machine Systems not accessed to your Proprietary System, list below:

Name

(4) If coverage is desired on leased, shared or other Automated Teller Machine Systems not accessed to your Proprietary System, list below:

Name

No. of Machines

<u>Name</u>	<u>No. of Machines</u>
_____	_____
_____	_____

(h) Is coverage desired on closing attorneys retained by you to prepare deeds, investigate titles of real property or otherwise assist in the making of mortgage loans? (Title Insurance Companies only) Yes No

If "Yes", list below the name and location of each closing attorney:

Name & Location

Name & Location

<u>Name & Location</u>	<u>Name & Location</u>
_____	_____
_____	_____
_____	_____

7. Check the appropriate box(es) if you are a seller or servicer of secondary market mortgages of: Freddie Mac , Fannie Mae
 Ginnie Mae , Other agencies

8. If deductibles are desired, complete the following: (Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage.)

Coverages

Amount

All except (D) and (E)	\$ _____
(D) — Forgery or Alteration	\$ _____
(E) — Securities	\$ _____

9. If coverage is being written on an excess, concurrent or co-surety basis, show names of other carriers, bond amounts and (in the case of co-surety) percentage participations: _____

10. If coverage is being written on a coinsurance basis, show Insured's percentage participation _____ %. (Note: Insured may assume a participation of between 5% and 25%.)

AUDIT PROCEDURES:

- (a) Is there an annual or semi-annual audit by an independent CPA? Yes No
- (b) If "Yes", is it a complete audit made in accordance with generally accepted auditing standards and so certified? Yes No
- (c) If the answer to (b) is "No", explain the scope of the CPA's examination _____

(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) Name and location of CPA _____

(f) Date of completion of the last audit by CPA _____

(g) Is there a continuous internal audit by an Internal Audit Department? Yes No

(h) If "Yes", are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes No

(i) Are money and securities actually counted and verified? Yes No

(j) How often are loan balances verified? _____

INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):

- (a) Do you require annual vacations of at least two consecutive weeks for all personnel? Yes No
 If "No", explain: _____
- (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
 If "No", explain: _____
- (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: _____

13. Has there been any change in ownership or management within the past three years? Yes No
 If "Yes", explain: _____

14. Has any insurance been declined or canceled during the past three years? Yes No
 If "Yes", explain: _____

15. List all losses sustained during the past three years, whether reimbursed or not, from _____ to _____
(month, day, year) (month, day, year)
 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
		\$	\$	\$	\$	

The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

Dated at _____ this _____ day of _____, 19 _____

(Insured) By _____
(Name and Title)