

**PROPOSAL FOR MORTGAGE BANKERS / BROKERS BLANKET BOND, MORTGAGE ERRORS & OMISSIONS
AND PROFESSIONAL INDEMNITY INSURANCE**

1. Applicant Name: _____
2. Principal Address: _____

3. Website (if available): _____ Date Established: _____
4. Nature of Business: _____

Privately Owned Public Company

5. Revenue Details

	Last Year	Current Year	Estimated Next Year
Fee Income / Commission			
Gross Fiscal Revenue			
Profit			

- 6(a). Employee Numbers: Loan Origination _____ Locations: _____
 Loan Servicing _____ (including principal office)
 Independent Contractors _____
 Other _____ Are any of the locations Net Branches?
 TOTAL _____ Yes No

- 6(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 with of individuals with their licence numbers.

7. (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. _____	\$ _____

(b) What percentage of originated loans are:

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

(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	_____ %

Total (Total May Exceed 100%) _____ %

8 (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. _____	\$ _____

(b) Delinquency Servicing Ratios:

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

Number of loans foreclosed in the past 12 months: _____

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

(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	_____ %	_____ %

(c) Please confirm the average FICO Score _____

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

- A. _____
- B. _____
- C. _____

11.(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

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

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

- 12.(a) Is there an internal audit department responsible for the oversight and review of internal audit programs? Yes No
- (b) Is an independent CPA audit carried out? Yes No
- (c) If yes, by whom: _____
- (d) How frequently are independent CPA audits carried out? _____
- (e) Are all locations audited? Yes No
- (f) Are any of these audits carried out on a random basis? Yes No

13.(a) Do you utilize a fraud detection service? Yes No
 If yes, what percentages of loans are tested? _____ %

(b) What firm(s) are you using for fraud detection? _____

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

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

15. Please describe the steps taken to verify borrowers' identities. _____

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

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

18. How does the company keep abreast of applicable Federal and State regulations? _____

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

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

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

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

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

24. Do your closing agent agreements include language requiring that the closing agent inform you of recent escrows, closings, or change of title? Yes No

25. Do you require a 12-month or more chain of title? Yes No

26. Do you require closing agents/attorneys to have E&O insurance? Yes No

27. Do you require closing agents/attorneys to have fidelity insurance? Yes No

28. 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

29. Does the borrower have a choice of title agent? Yes No

30. What percentage of your mortgage company's borrowers use your title agency? _____%

31. Do you use outside Appraisers? Yes No

If no, who is used (in house)? _____

32. 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

33. Do you require all appraisers to be state licensed? Yes No

34.(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.34 (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 _____

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 No
- If 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