

This form must be completed for each new bond and at each premium anniversary. If more space is needed to answer any of the questions contained herein, attach additional sheets.

**APPLICATION FOR A  
FINANCIAL INSTITUTION BOND, STANDARD FORM NO. 15  
FOR MORTGAGE BANKERS AND FINANCE COMPANIES**

Application is hereby made by \_\_\_\_\_

Principal Address \_\_\_\_\_ (List all Insureds, including Employee Benefit Plans) \_\_\_\_\_ (herein called Insured)  
(No.) (Street) (City) (State) (Zip Code)

for a \_\_\_\_\_ **Financial Institution Bond, Standard Form No. 15**, to become effective as of  
(primary, excess, concurrent, co-surety, coinsured)  
 12:01 a.m. on \_\_\_\_\_ to 12:01 a.m. on \_\_\_\_\_ in the Aggregate Limit of Liability of \$ \_\_\_\_\_

Date Insured was established \_\_\_\_\_ Name of prior carrier \_\_\_\_\_

1. Insured is a (check the appropriate box): Mortgage Banker , Finance Company , Small Loan Company ,  
 Small Business Investment Company , Dealer in Mortgages , Dealer in Commercial Paper , Note Broker ,  
 Real Estate Investment Trust , Title Insurance Company principally engaged in the mortgage business ,  
 Other  \_\_\_\_\_

2. Insured is a (check the appropriate box): Sole Proprietorship , Partnership , Corporation

3. Identify the states in which you are licensed to do business: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

4. For all Insureds, show the total number of: No. of

(a) Salaried officers, employees and persons provided by employment contractors..... \_\_\_\_\_

(b) Locations (other than the Home Office of the first Named Insured) in the U.S., Canada, Puerto Rico and Virgin Islands..... \_\_\_\_\_

(c) Locations outside the U.S., Canada, Puerto Rico and Virgin Islands, list below:

<u>Location</u>	<u>Location</u>
_____	_____
_____	_____
_____	_____

5. Complete the following: Total Assets

(a) As of latest Dec. 31..... \$ \_\_\_\_\_

(b) As of latest June 30..... \$ \_\_\_\_\_

6. Complete the following for optional coverages desired: Single Loss Limit

Form of Coverage

(a) Is Insuring Agreement (D) — Forgery or Alteration Coverage desired?.....Yes  No  \$ \_\_\_\_\_

(b) Is Insuring Agreement (E) — Securities Coverage desired?.....Yes  No  \$ \_\_\_\_\_

(c) Is Trading Loss Coverage desired?.....Yes  No  \$ \_\_\_\_\_

6. Complete the following for optional coverages desired (cont'd):

(d) Is Extortion—Threats to Persons Coverage desired?.....Yes  No \$ Single Loss Limit \_\_\_\_\_

If "Yes," list below locations to be excluded:

<u>Location</u>	<u>Location</u>

(e) Is Extortion—Threats to Property Coverage desired?.....Yes  No \$ Single Loss Limit \_\_\_\_\_

If "Yes," list below locations to be excluded:

<u>Location</u>	<u>Location</u>

(f) Is Computer Systems Fraud Coverage desired?..... Yes  No \$ Single Loss Limit \_\_\_\_\_

If "Yes," complete the following:

(1) Insured's Computer System(s)

For the Computer System(s) you operate, whether owned or leased, complete the following:

- a) Number of independent software contractors authorized to design, implement or service programs for your System(s) \_\_\_\_\_
- b) Is access to your System(s) by customers or other outside parties permitted?.....Yes  No

(2) Other Computer Systems

List below other Computer System(s) for which coverage is desired:

<u>Computer System(s)</u>

(g) Is coverage desired on businesses engaged in the data processing of your checks or other accounting records?.....Yes  No

If "Yes," list below the name and location of each data processor:

<u>Name &amp; Location</u>	<u>Name &amp; 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. For deductibles, complete the following: (NOTE: Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage. Deductibles on Extortion Coverage may be written in any amount.)

<u>Coverage</u>	<u>Single Loss Deductible</u>
(a) All coverages except Insuring Agreements (D), (E) and Extortion.....	\$ _____
(b) Insuring Agreement (D)—Forgery or Alteration.....	\$ _____
(c) Insuring Agreement (E)—Securities.....	\$ _____
(d) Extortion—Threats to Persons.....	\$ _____
(e) Extortion—Threats to Property.....	\$ _____

9. If coverage is being written on an excess, concurrent or co-surety basis, show the names of the other carriers and bond limits. In the case of co-surety also show percentage participations:\_\_\_\_\_

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10. If coverage is being written on a coinsurance basis, show your percentage participation \_\_\_\_%. (NOTE: Insured may assume a participation of between 5% and 25%.)

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

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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.

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.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
 \_\_\_\_\_ By \_\_\_\_\_  
 (Insured) (Name and Title)