

Mortgage Brokers Errors and Omissions Application



AmTrust North America
An AmTrust Financial Company

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THE LIABILITY POLICY THAT MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDES CLAIMS MADE COVERAGE WRITTEN ON A NO DUTY TO DEFEND BASIS. DEFENSE COSTS ARE INCLUDED WITHIN THE LIMIT OF LIABILITY AND REDUCE THE LIMIT OF LIABILITY AVAILABLE TO PAY SETTLEMENTS AND JUDGMENTS AND MAY EXHAUST IT ENTIRELY. PLEASE READ THE POLICY CAREFULLY.

Section I – General Information

Applicant Name: _____ Business Name: _____
Address: _____ City: _____ State: _____ Zip Code: _____
P.O. Box: _____ City: _____ State: _____ Zip Code: _____
Telephone: _____ Date of Company Formation: _____

Section II – Current Coverage

1. Does the Applicant currently carry Professional Liability/Errors & Omissions Insurance covering appraisal activities? Yes No

If “Yes”, please complete the following concerning the Applicant’s expiring coverage:

Insurance Carrier: _____ Limits: _____ Deductible: _____
Retroactive Date: _____ (Attach a copy of the Declarations Page from your current coverage)
Premium: _____

2. Is the current carrier willing to renew coverage? Yes No

If “No”, please provide details:

Section III – Requested Coverage

1. Requested limits of Errors & Omissions Insurance:

\$100,000 \$250,000 \$500,000 \$1,000,000
 Other (specify): _____

2. Requested Deductible:

\$1,000 \$2,500 \$5,000 \$7,500 \$10,000
 Other (specify): _____

Section IV – Staffing

Number of staff:

Principals/Owners: _____ Servicers: _____ Clerical/Receptionist: _____
Orignators: _____ Underwriters: _____ Processors: _____
Closers: _____ All Others (specify): _____ **TOTAL:** _____

1. What is the Applicant's estimated total annual revenue for the next 12 months?: \$ _____

Indicate the following for loans handled in the last 12 months:

| Service Area | # of Loans | Total Value | Avg. Value | Max. Value | % of Annual Revenue |
|-------------------|------------|-------------|------------|------------|---------------------|
| Loan Origination | | \$ | \$ | \$ | % |
| Loan Underwriting | | \$ | \$ | \$ | % |
| Loan Servicing | | \$ | \$ | \$ | % |
| Loan Warehousing | | \$ | \$ | \$ | % |

Describe any other services the Applicant provides:

2. Does the Applicant or any of the Applicant's employees or related entities perform property appraisals? Yes No

3. Provide a percentage breakdown of mortgages originated in the following areas:

| | Existing | New Construction |
|--|----------|------------------|
| Residential | | |
| Commercial (including income producing properties) | | |
| Other (describe) _____ | | |

4. Estimated loans in Applicant's servicing portfolio requiring collection of Real Estate Tax escrow: _____ %

5. Describe procedures in place to determine if real estate property taxes have been paid:

6. Does the Applicant fund loans via a warehouse line or any other means in the Applicant's name? Yes No

If "Yes", please provide details.

7. Does the Applicant hold funded loans for more than 8 months? Yes No

If "Yes", please provide details.

8. Does the Applicant fund any loans without having advance written commitment from an investor? Yes No

If "Yes", please provide details.

9. Does the Applicant have a fidelity bond? Yes No

10. Does the Applicant have written procedures for quality control compliance in:

- a) Truth in Lending Yes No
- b) Equal Credit Opportunity Act Yes No
- c) Real Estate Settlement Procedures Act Yes No

11. Describe the Applicant's internal audit practices and procedures (i.e. does the Applicant perform internal audits; which areas of services the Applicant provides are audited; how frequently are these audits performed, etc.)

12. Are there any external audits performed? Yes No

If "Yes", who performs them and how frequently?

13. Have there been any complaints or criticisms as a result of an audit in the past two years? Yes No

If "Yes", provide details.

14. Has the Applicant ever been rejected for application with an investor or had a correspondent relationship terminated with an investor? Yes No

If "Yes", provide explanation regarding circumstances.

15. Are duties segregated so that no single individual has both custodial and accounting authority over the Applicant's funds and activities? Yes No

16. Does the Applicant attend closings/escrows? Yes No

If "Yes", describe your role.

17. Total number of closings/escrows estimated for coming year: _____

18. Does the Applicant:

- a) Perform escrow services according to written instructions only? Yes No
- b) Require signatures on any changes to written instructions? Yes No
- c) Require each person's work to be checked by another? Yes No
- d) Require "good funds" at closing? Yes No

19. Has the Applicant had any E&O claims brought against them in the past 7 years? Yes No

If "Yes", please provide additional details.

Fraud Warning

Any person who knowingly and with intent to defraud any insurance company or another 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 may be a crime and may subject the person to criminal penalties.

ALABAMA, ARKANSAS, LOUISIANA, NEW MEXICO, RHODE ISLAND, VIRGINIA and WEST VIRGINIA: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an Application for insurance is guilty of a crime. In Alabama, Arkansas, Louisiana, Rhode Island and West Virginia that person may be subject to fines, imprisonment or both. In New Mexico, that person may be subject to civil fines and criminal penalties. In Virginia, penalties may include imprisonment, fines and denial of insurance benefits.

COLORADO: It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

DISTRICT OF COLUMBIA: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

KENTUCKY and PENNSYLVANIA: 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 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. In Pennsylvania, and subjects such person to criminal and civil penalties.

FLORIDA: Any person who knowingly and with intent to injure, defraud or deceive the Insurer, files a statement of claim or an Application containing any false, incomplete or misleading information is guilty of a felony. In Florida it is a felony to the third degree.

KANSAS: An act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

MAINE: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits.

MARYLAND: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or knowingly or willfully presents false information in an Application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NEW JERSEY: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NEW YORK: Any person who knowingly and with intent to defraud any insurance company or any 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 (\$5,000) and the stated value of the claim for each such violation.

OHIO: Any person who, with intent to defraud or knowing that he is facilitating a fraud against the Insurer, submits an Application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

OKLAHOMA: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

OREGON: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

TENNESSEE and WASHINGTON: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines and/or denial of insurance benefits.

VERMONT: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

Representation Statement

The undersigned declares that, to the best of their knowledge and belief, the statements in this Application, any prior Applications, any additional material submitted, and any publicly available information published or filed by or with a recognized source, agency or institution regarding business information for the Applicant for the 3 years prior to the Policy's inception [hereinafter called "Application"] are true, accurate and complete, and that reasonable efforts have been made to obtain sufficient information from each and every individual or entity proposed for this insurance. It is further agreed by the Applicant that the statements in this Application are their representations, they are material and that the Policy is issued in reliance upon the truth of such representations.

The signing of this Application does not bind the undersigned to purchase the insurance and accepting this Application does not bind the Insurer to complete the insurance or to issue any particular Policy. If a Policy is issued, it is understood and agreed that the Insurer relied upon this Application in issuing each such Policy and any Endorsements thereto.

The undersigned further agrees that if the statements in this Application change before the effective date of any proposed Policy, which would render this Application inaccurate or incomplete, notice of such change will be reported in writing to the Insurer immediately.

Firm Partner/Owner Signature:

Print Name: _____ Signature: _____

Title: _____ Date: _____

Please provide the following information with your submission:

- Copy of expiring Declarations Page – New Applicants only
- Sample processing forms
- Sample loan correspondent contract

Submit Application to:

banksubmissions@amtrustgroup.com

AmTrust North America Attention: Financial Institution Division

800 Superior Avenue E., 21st Floor • Cleveland, OH, 44114

Phone: 866.327.6904 • Fax: 216.328.6251

www.amtrustnorthamerica/financial-institutions.com