

# ERRORS & OMISSIONS INSURANCE AGENCY

## ERRORS AND OMISSIONS APPLICATION INSURANCE for Mortgage Brokering & Mortgage Banking Activities

---

1. Applicant's Name: \_\_\_\_\_  
Billing Contact Name: \_\_\_\_\_

2. Home office address: \_\_\_\_\_ TEL# \_\_\_\_\_  
\_\_\_\_\_ ZIP \_\_\_\_\_ FAX# \_\_\_\_\_

3. Date established: \_\_\_\_\_

4. Is the firm controlled, owned, affiliated or associated with any other firm, corporation or company? \_\_\_ Yes \_\_\_ No  
If Yes, please attach an explanation.

5. Please list addresses of all branch offices and/or subsidiaries. Include a brief description of their operations and indicate if coverage is desired for these offices.

\_\_\_\_\_

\_\_\_\_\_

6. During the past 5 years has the name of the firm been changed or has any other business been acquired, merged into or consolidated with the applicant firm? \_\_\_\_\_ Yes \_\_\_\_\_ No  
If Yes, attach a complete explanation detailing any liabilities assumed

7. Describe your firm's nature of business.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8. Staffing - Provide a breakdown of your staff into the following categories:

- a) principals, partners or officers \_\_\_\_\_
  - b) professionals (not included in A) \_\_\_\_\_
  - c) support staff (including part-time) \_\_\_\_\_
  - d) part-time professionals (less than 20 hours/week) \_\_\_\_\_
- TOTAL \_\_\_\_\_

9. Are any staff members considered "Licensed Professionals" or do any staff members hold any Professional Designations or belong to any Professional Societies/associations? \_\_\_ Yes \_\_\_ No  
(If Yes, provide individual's name and designation/affiliation below):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Note: Questions 10 through 14 refer to total gross revenue for a 12 month period, whether or not collected. Such revenue figures should include sub-contracted revenue.**

10. Dates of applicant firm's current fiscal period: From: \_\_\_\_\_, 20\_\_ To: \_\_\_\_\_, 20\_\_

11.	<u>Past Fiscal</u>	<u>Current Fiscal</u>	<u>Estimate for Next</u>
Total Gross Revenue:	\$ _____	\$ _____	\$ _____
Less Direct Recovery Expenses: (travel, per diem, copies, etc.):	(-) \$ _____	(-) \$ _____	(-) \$ _____
<b>TOTAL NET BILLINGS</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

12. Provide the percentage of your firm's gross revenue from the last fiscal period attributable to the following:

Federal government.	_____ %
State, county or local government and agency thereof.	_____ %
Institutional (schools, hospitals, etc.)	_____ %
Lending institutions	_____ %
Manufacturing	_____ %
Other _____	_____ %
_____	_____ %
<b>TOTAL</b>	<b>100%</b>

13. Does your firm provide services for any clients in which a principal, partner, officer or employee of your firm is also a principal, partner, officer, employee or a more than 3% shareholder of said client? \_\_\_Yes \_\_\_No

14. Were more than 50% of your total gross billings for any one year derived from a single client or contract? \_\_\_Yes \_\_\_No  
If Yes, please specify **a)** client, **b)** services rendered, and **c)** how long you expect this relationship to continue.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

15. Describe your firm's five (5) largest jobs or projects during the past three (3) years.

Client Name	Services Provided	Total Gross Billings
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

16. **a)** Do you utilize the services of independent contractors or sub-consultants? \_\_\_Yes \_\_\_No

**b)** Approximate percentage of billings attributable to sub-contractors/consultants? \_\_\_\_\_%

17. Do you ever enter into contracts where your fees for services provided are contingent upon the client achieving cost reductions or improved operating results? If Yes, attach a detailed description of such arrangements. \_\_\_Yes \_\_\_No

18. **a)** Does your firm secure a written contract or agreement for every project? (Please attach a sample copy) \_\_\_Yes \_\_\_No

**b)** Provide the percentage of your revenue where a written contract *is* secured. \_\_\_\_\_%

**c)** Do your contracts contain any of the following: (**check all that apply**)

- \_\_\_\_\_ Hold harmless or indemnification clauses in your favor?
- \_\_\_\_\_ Hold harmless or indemnification clauses in your client's favor?
- \_\_\_\_\_ Guarantees or warranties?
- \_\_\_\_\_ A specific description of the services you will provide?
- \_\_\_\_\_ Payment terms?

19. Describe steps taken to minimize/ manage business risks:

\_\_\_\_\_

\_\_\_\_\_

20. Has any policy of or application for similar insurance on your behalf or on the behalf of any of your principals, partners, officers, employees, or on behalf of any predecessors in business ever been declined, canceled, or renewal refused? \_\_\_Yes \_\_\_No

21. Do you currently carry Commercial General Liability insurance? \_\_\_Yes \_\_\_No

22. Please provide the following information on your professional liability (E&O) insurance for the past three (3) years:

Name of Insurer	Limits of Liability	Deductible	Policy Period	Premium
_____	_____	_____	_____/_____/_____	_____
_____	_____	_____	_____/_____/_____	_____
_____	_____	_____	_____/_____/_____	_____

Retroactive Date of current policy (if any): \_\_\_\_/\_\_\_\_/\_\_\_\_

**LOSS EXPERIENCE**

23. Have any claims, suits, or demands for arbitration been made against the firm, its predecessor(s) or any past or present principal, partner, officer or employee within the past five (5) years? \_\_\_Yes \_\_\_No

24. Having inquired all principals, partners and officers, are you aware of any act, error, omission, unresolved job dispute or any other circumstance that is or could be a basis for a claim under the proposed insurance? \_\_\_Yes \_\_\_No

25. Coverage requested:

LIMITS OF LIABILITY: \_\_\_ \$ 100,000 \_\_\_ \$ 750,000  
\_\_\_ \$ 250,000 \_\_\_ \$1,000,000  
\_\_\_ \$ 500,000

DEDUCTIBLE / RETENTION: \_\_\_\_\_

26. Attach the following items in support of this application:

- \_\_\_ a) Firm's **Statement of Qualifications** including **resumes** of all key (technical) personnel along with any available marketing material or company brochures.
- \_\_\_ b) Copy of firm's formalized **standard client contract**.
- \_\_\_ c) Copy of outline from firm's **Quality Assurance / Quality Control (QA/QC) manual**.

I declare that the information submitted herein is true to the best of my knowledge and becomes a part of my errors and omissions policy.

\_\_\_\_\_  
Signature of Owner, Partner, Director of Applicant

\_\_\_\_\_  
Date

MAIL OR FAX COMPLETE APPLICATION TO;

ERRORS & OMISSIONS INSURANCE AGENCY (951) 246-9023 Telephone  
26588 Goodrich Dr. (909) 494-7680 FACSMILE  
Sun City, CA 92585

## MORTGAGE BANKERS AND BROKERS SUPPLEMENT

A. Please answer ALL the questions. If more space is required to answer a question, continue on applicant's letterhead.

B. This supplement must be signed and dated by a principal, partner, or officer of the prospective insured's organization and will be attached to the policy, should one be issued.

1. Are any Mortgage Banking Activities provided to any affiliated firm, corporation, or company? Yes  No   
 If "Yes", approximately what percentage of gross revenues? \_\_\_\_\_

2. For the Total Gross Revenues listed in the application, please give the approximate revenues derived from the following:

	% OF GROSS REVENUES
Loan Originating	_____
Loan Servicing	_____
Loan Sales	_____
Interest Income	_____
Other (Specify)	_____
<b>TOTAL</b>	<b>100%</b>

3. ORIGINATION Check and skip this section if no origination is being performed

a) First Mortgage Loans Originated during past 12 months

<u>Loan Portfolio</u>	Dollar Value	Number	%Construction
1-4 Family	_____	_____	_____
Multifamily	_____	_____	_____
Commercial	_____	_____	_____
Other (Specify)	_____	_____	_____
<b>Total</b>	_____	_____	_____

b) Second Mortgages \_\_\_\_\_

c) List 2 largest loans originated during past 12 months

	Name of Project/Client	Loan Amount
1)	_____	_____
2)	_____	_____

d) Are in-house reviews of appraisals done? Yes  No

e) What procedures are followed to ensure that proper hazard/flood insurance is in place at closing?  
 \_\_\_\_\_

4. SERVICING Check and skip this section if no servicing is being performed

a) Loan Portfolio	Dollar Value	Number	ARM's
1-4 Family	_____	_____	_____ %
Multifamily	_____	_____	_____ %
Commercial	_____	_____	_____ %
Other (Specify)	_____	_____	_____ %
<b>Total</b>	_____	_____	_____ %

b) List five largest loans serviced:

	Name of Project/Client	Outstanding Balance
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	_____	_____
5)	_____	_____

- c) Estimated % of loans in the Applicant's servicing portfolio that requires the collection of:  
 Hazard Flood Insurance Escrow \_\_\_\_\_  
 Real Estate Tax Escrow \_\_\_\_\_  
 Life, A&H or AD&D Insurance Premium \_\_\_\_\_  
 PMI Premium \_\_\_\_\_
- d) Does the Applicant require that it be named as "mortgagee" in a Standard Mortgage Clause on all hazard/flood insurance? Yes  No  If "No", please explain  
 \_\_\_\_\_  
 \_\_\_\_\_
- e) Does the Applicant annually verify hazard/flood coverage on all mortgages serviced?  
 Yes  No  If "No", what procedures are in place to maintain the adequacy of hazard/flood coverage?  
 \_\_\_\_\_  
 \_\_\_\_\_
- f) When necessary does the Applicant "force place" coverage using a "forced place" insurance company? Yes  No
- g) What are the procedures to determine if real estate property taxes have been paid?  
 \_\_\_\_\_
- h) What was the delinquency ratio at the end of the past fiscal year? \_\_\_\_\_
- i) How many foreclosure actions were commenced against delinquent accounts during the past fiscal year? \_\_\_\_\_

5. GEOGRAPHIC BREAKDOWN OF LOANS

List the five states where the most loans are originated and/or serviced:

STATE	APPROXIMATE % OF TOTAL
1) _____	_____
2) _____	_____
3) _____	_____

6. SELLING/MARKETING

- a) Approximate percent of loans sold during the past twelve months that are guaranteed by the following entities?  
 FNMA \_\_\_\_\_  
 GNMA \_\_\_\_\_  
 FHLM \_\_\_\_\_  
 Private Investors \_\_\_\_\_
- b) What percent of the loan portfolio has been sold "with recourse"? \_\_\_\_\_ %
- c) Have any loans during the past twelve months been put back to the Applicant other than for "recourse" reasons (i.e. documentation deficiencies, etc.) Yes  No   
 If "Yes", # of loans \_\_\_\_\_ aggregate principal amount \$ \_\_\_\_\_
7. During the past twelve months, have any allegations been made against the applicant for violations of the Truth-In-Lending- Act, the Equal Credit Opportunity Act or the Real Estate Settlement Procedures Act? Yes  No  If "Yes", attach details.

Name: \_\_\_\_\_  
 (Please Print)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Blank space for explanation of questions asked above (if applicable)