

Mortgage Brokers New Business Application

Underwritten by The Hanover Insurance Company

NOTICE: THIS APPLICATION IS FOR A CLAIMS-MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS, THIS POLICY WILL APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED...

RISK PURCHASING GROUP NOTICE

This Miscellaneous Professional Liability Risk Purchasing Group Policy may not be protected by an insurance insolvency guaranty fund in this state...

IMPORTANT NOTICE REGARDING RISK PURCHASING GROUPS

Disclosure Pursuant to Federal Law Regarding Purchasing Groups [15 U.S.C. SEC. 3901, et seq] the Norman-Spencer Real Estate Risk Purchasing Group, Inc., is a "Purchasing Group"...

INSTRUCTIONS

Whenever used in this application, the term Applicant shall mean the Named Insured proposed for insurance, and You or Your(s) shall mean the persons and entities, subsidiaries, proposed for insurance unless otherwise stated.

A. CONTACT INFORMATION

- 1. Full Legal Name of Applicant (include all firm names, franchise affiliations, trading names and DBAs under which the Applicant operates):
Applicant is a: Sole Proprietor Partnership Corporation LLC LLP Independent Contractor Other:
2. Mailing and Physical Address of Applicant, including contact information:
Mailing Address: City: State: Zip Code: Physical Address (if different): Primary Applicant contact name: Title: Phone #: Email: Website:
3. Has the Applicant ever operated under any other name?
4. Is the Applicant controlled, affiliated with or owned by any other firm or business enterprise?

B. GENERAL BUSINESS INFORMATION

- 5. Date Applicant was established:
6. How many years of industry experience does the Applicant have?

7. Describe the **Applicant's** Professional Services:

Professional Services	Total Revenue – Past 12 months	Total Revenue – Projected Next 12 months
	\$	\$
	\$	\$
	\$	\$

8. Does the **Applicant** provide services or operate outside the United States? Yes No
 If "Yes", please explain what services and locations: _____

9. Please complete the following information for the current year:

Staff	Full Time	Part Time
Principals/Professionals		
Administrative/Clerical		

10. Is the **Applicant** a member of any professional association? Yes No
 If "Yes", please identify them: _____

11. Describe the **Applicant's** five largest projects or jobs during the past three years:

Client Name	Services Rendered	Annual Revenue Derived from the Project or Job
		\$
		\$
		\$
		\$
		\$

12. Does the **Applicant** use written contracts with clients? Always Sometimes Never N/A
 If the **Applicant** uses contracts, does the contract contain:

- a. A detailed description of the services to be provided? Yes No N/A
- b. A hold harmless agreement and/or Limitation of Liability in the **Applicant's** favor? Yes No N/A
- c. Industry standard forms? Yes No N/A

13. Subcontractors:

- a. Does the **Applicant** use independent contractors and/or subcontractors? Yes No
 If "Yes", are they required to carry their own professional liability insurance? Yes No
- b. What percentage of the **Applicant's** services are performed by independent contractors and/or subcontractors? _____ %

14. Does the **Applicant** utilize any risk management procedures to reduce losses? Yes No N/A

15. Does the **Applicant** have a formalized training program for employees? Yes No N/A

16. Does the **Applicant** anticipate any significant changes in the services provided or business structure in the next twelve (12) months? Or have there been any such changes in the past twelve (12) months? Yes No

If "Yes", please explain: _____

17. Does the **Applicant** have any subsidiaries for which coverage is requested? Yes No

If "Yes", please complete the schedule below.

Subsidiary Information:

Full Legal Name	% Owned	Year Started	Description of Operations

IMPORTANT: It is understood and agreed that coverage is not provided for subsidiaries not fully disclosed in response to Question 17.

18. Are the **Applicant's** computer systems protected with regularly updated firewall, anti-virus and anti-malware software? Yes No
19. Does the **Applicant** set up separate and unique accounts with strong passwords for each employee? Yes No
20. Does the **Applicant** have secure email practices (i.e. automatically scan and filter emails?) Yes No
21. Does the **Applicant** restrict the user rights on computer systems such that individuals (including third party service providers) have access only to those areas of the network or information that is necessary for them to perform their duties? Yes No
22. Please describe how the **Applicant** backs up critical data and systems?
- a. Full Back-ups? Yes No
If "Yes", how often? _____
- b. Incremented Back-ups? Yes No
If "Yes", how often? _____

C. MORTGAGE BROKER INFORMATION

23. Percentage of Residential Mortgages: _____ %
- a. Average size of Residential Mortgage: _____
- b. Maximum value of any one Residential Mortgage: _____
24. Percentage of Commercial Mortgages: _____ %
- a. Average size of Commercial Mortgage: _____
- b. Maximum value of any one Commercial Mortgage: _____
25. Percentage of "Other" Mortgages: _____ %
- a. Please describe the "Other" types of mortgages: _____

- b. Average size of "Other" Mortgages: _____
- c. Maximum value of any one "Other" Mortgage: _____

26. List the percentage of mortgage activities from loans:
(Must total 100%)

Origination	%
Underwriting	%
Servicing	%
Warehousing	%
Other: (please describe)	%

27. Does the **Applicant** lend their own funds? Yes No

*If "Yes", does the **Applicant** hold funder loans for more than six months?*

Yes No

28. Does the **Applicant** have discretionary authority to make any loan? Yes No

29. Does the **Applicant** provide loan closing services? Yes No

30. Does the **Applicant** have a warehouse line of credit? Yes No

a. *If "Yes", what is the amount of credit?* _____

b. *If "Yes", what lender(s) does the **Applicant** have warehouse line of credit with?* _____

31. Does the **Applicant** have any affiliated entities involved in any Title/Escrow, Real Estate Sales, Real Estate Development, or Real Estate Appraisal? Yes No

If "Yes", please explain and provide full legal entity name(s): _____

32. What percentage of the **Applicant's** gross annual revenue comes from the following activities:

Practice Area	Percentage of Revenue
a. Conventional Fixed Rates	%
b. FHA/VA Loans	%
c. Refinances	%
d. Loan Modification Services	%
e. Low/No Document Loans	%
f. Reverse Mortgages	%
g. Subprime Loans	%
h. Yield Spread Premium	%
i. Adjustable Rate/Variable Rate	%
j. Other: (please describe)	%

33. Does the **Applicant** have a disclosure process for Yield Spread Premium? Yes No N/A

If "Yes", please explain: _____

34. Does the **Applicant** have written quality control/compliance procedures in place for:
- a. Truth in Lending Act: Yes No
 - b. Equal Credit Opportunity Act: Yes No
 - c. Real Estate Settlement Procedures Act: Yes No
 - d. Telephone Consumer Protection Act: Yes No
 - e. Fair Credit Reporting Act: Yes No
 - f. Fair Debt Collection Practices Act: Yes No
35. Does the **Applicant** conduct compliance audits? Internally Externally Both None
36. Does the **Applicant** have a fidelity bond? Yes No
If "Yes", please provide the Carrier Name and Effective Date: _____
37. Has the **Applicant** ever been terminated by a lender/investor? Yes No
If "Yes", please provide the name of lender/investor, date of termination and reason:

38. Has the **Applicant's** license ever been suspended, placed on probation, revoked or restricted in any way? Yes No
If "Yes", please explain: _____

39. Has the **Applicant**, any **Subsidiary**, any predecessor in business, or any of the past or present partners, officers, directors, or employees been the subject of an investigation, reprimand, disciplinary action, or a filed complaint by the FHA, VA, PMI carrier, any investor, authority or governmental agency? Yes No
If "Yes", please explain: _____

D. CURRENT INSURANCE INFORMATION

40. Please provide the following information regarding the **Applicant's** most recent insurance policies. If no coverage is currently in-force please indicate by checking this box:

Insurance Carrier	Expiration Date	Limit of Liability	Deductible	Premium
		\$ /\$	\$	\$
		\$ /\$	\$	\$
		\$ /\$	\$	\$
Retroactive Date:	<i>(This is the date the Applicant first purchased claims made coverage that has been continuously in-force without interruption.)</i>			

41. During the past 5 years, has any professional liability claim or suit ever been made against the **Applicant**, any **Subsidiary** or any of the **Applicant's** current or former professional staff? Yes No
If "Yes", please indicate how many: _____. Please submit 5 year loss runs and complete a Supplemental Claim Form for each claim.

42. Do any of **You** know of any incident, negligent act, error or omission, or other circumstance that could result in a claim or suit against the **Applicant**, any **Subsidiary** or any of the **Applicant's** current or former professional staff? Yes No

If "Yes", indicate how many: _____ and complete a Supplemental Claim Form for each potential claim.

43. Have any of **You** ever been subject to a disciplinary inquiry, complaint, grievance, or proceeding, or had their license revoked or suspended, or been reprimanded? Yes No

If "Yes", please provide complete details on a separate sheet.

E. REQUESTED COVERAGE

44. Limit requested:
 \$100,000/\$300,000 \$250,000/\$250,000 \$250,000/\$500,000 \$500,000/\$500,000
 \$500,000/\$1,000,000 \$1,000,000/\$1,000,000 Other: \$ _____

45. Deductible requested:
 \$2,500 \$5,000 \$7,500 \$10,000 \$15,000
 \$25,000 Other: \$ _____

F. DECLARATIONS AND NOTICE

The undersigned, acting on behalf of the **Applicant**, represents that the statements set forth in this application are true and correct and that thorough efforts were made to obtain requested information from all of **You** to facilitate the proper and accurate completion of this application.

The undersigned agree that the information provided in this application and any material submitted herewith are the representations of all of **You** and that they are material and are the basis for issuance of the insurance **Policy** provided by **Us**. The undersigned further agree that the application and any material submitted herewith shall be considered attached to and a part of the **Policy**. Any material submitted with the application shall be maintained on file (either electronically or paper) with **Us**.

It is further agreed that:

- If any of **You** discover or become aware of any material change which would render the application inaccurate or incomplete between the date of this application and the **Policy** inception date, notice of such change will be reported in writing to **Us** as soon as practicable;
- Any **Policy** issued will be in reliance upon the truthfulness of the information provided in this application.
- The signing of this application does not bind the **Applicant** to purchase insurance.

The information requested in this application is for underwriting purposes only and does not constitute notice to **Us** under any policy of a **Claim** or **Potential Claim**.

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

ATTENTION APPLICANTS IN THE FOLLOWING JURISDICTIONS

ALABAMA, ARKANSAS, DISTRICT OF COLUMBIA, LOUISIANA, MARYLAND, NEW MEXICO, RHODE ISLAND AND WEST VIRGINIA: Any person who knowingly (or willfully in MD) presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully in MD) presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

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.

FLORIDA AND OKLAHOMA: Any person who knowingly and with intent to injure, defraud or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony (of the third degree in FL).

KANSAS: 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; commits a fraudulent insurance act.

KENTUCKY, OHIO 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 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 subjects such person to criminal and civil penalties.

MAINE, TENNESSEE, VIRGINIA, 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 denial of insurance benefits. *Applies in ME Only.

NEW HAMPSHIRE AND NEW JERSEY: Any person who includes any false or misleading information to the best of her/his knowledge on an application for an insurance policy is subject to criminal and civil penalties.

OREGON: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

PUERTO RICO: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

NEW YORK: 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 subjects such person to civil penalties not to exceed five thousand dollars and the stated value of the claim for each such violation.

SIGNATURE OF APPLICANT'S AUTHORIZED REPRESENTATIVE

Date

Signature**

Title

This application must be signed by the chief executive officer, president, chief financial officer, managing partner or owner of the **Applicant acting as the authorized representatives of the person(s) and entity(ies) proposed for this insurance.

Agent's Signature: _____

Produced By: Agent: _____ Agency: _____

Agency Taxpayer ID or SS No.: _____

Agent License No.: _____ Agent Signature: _____

Address (Street, City, State, Zip): _____

A POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS PROPERLY SIGNED AND DATED.