

# Application Questionnaire

## Mortgage Bankers Bond — Fidelity, Crime & Mortgage's Errors & Omissions

This questionnaire collects the underwriting information required to evaluate and place Mortgage Bankers Bond coverage. Please answer every question; if a question does not apply, mark it N/A. Where space is insufficient, attach a separate sheet referencing the question number. Completed questionnaires and attachments are reviewed by the Surety One underwriting desk.

**COVERAGE APPLIED FOR**

- Fidelity & Mortgage's E&O    
  Professional Liability    
  Directors & Officers    
  Cyber / Privacy Liability

*This desk's primary coverage is the Fidelity & Mortgage's E&O bond; other lines are placed in coordination with the underwriting desk.*

**REQUIRED ATTACHMENTS**

- Most recent year-end audit report, including auditor's comments on compliance and internal controls.
- Current balance sheet and year-to-date income statement, if the audit report is more than six months old.
- Current organizational chart and key management résumés.
- List of all entities to be insured — date acquired and founded, and ownership interest held.
- Declarations pages of any current fidelity, E&O, D&O, and cyber policies.

### 1. Applicant Information

**COMPANY NAME**

**ALL PRIOR COMPANY NAME(S), IF ANY**

**WEBSITE**

**STREET ADDRESS**

**CITY, COUNTY / PARISH, STATE, ZIP**

**MAILING ADDRESS (IF DIFFERENT)**

**CONTACT PERSON**

**TITLE / ROLE**

**PHONE**

**EMAIL**

**STATE OF INCORPORATION / CHARTER**

**DATE OF INCORPORATION**

**IN CONTINUOUS BUSINESS SINCE**

1.1 Is the company publicly traded?

- Yes    
  No

## 2. Company Ownership & Structure

### INDIVIDUALS OR ENTITIES OWNING 10% OR MORE

	% Ownership	Date Acquired / Founded
Name		
Name		
Name		
Name		

2.1 Have there been any changes in ownership of 10% or more, or any change in the company's financial structure, in the past 3 years? If yes, explain.  YES  NO

2.2 Within the next 12 months, do you contemplate any sale, merger, acquisition, or consolidation with an entity whose consolidated assets exceed 20% of the company's?  YES  NO

2.3 Is any registration for a public offering or private placement of securities contemplated? If yes, describe the essential terms on an attachment.  YES  NO

2.4 Mortgage industry associations the company belongs to  
 Mortgage Bankers Association     Lenders One     Other (list below)

### OTHER ASSOCIATIONS / NOTES

### SUBSIDIARIES, AFFILIATES, RETIREMENT AND PENSION PLANS TO BE INCLUDED (ATTACH A LISTING IF NEEDED)

## 3. Personnel & Locations

### NUMBER OF EMPLOYEES BY ACTIVITY

	Number
Board of directors / corporate officers	
Loan production	
Loan servicing	
Independent contractors	
All other employees	
Total employees	

### BRANCH OFFICES (THAT UNDERWRITE)

### SATELLITE OFFICES (THAT DO NOT UNDERWRITE)

## 4. Agency & Investor Status

Indicate seller/servicer or issuer status the company holds now or contemplates within the next 12 months.

### 4.1 Seller / servicer or issuer status

- Fannie Mae   
  Freddie Mac   
  Ginnie Mae   
  HUD (Direct Endorsement)
- None of the above

## 5. Loan Origination & Purchase Activity

Report the most recent 12 months of activity.

### 12-MONTH PERIOD ENDING (DATE)

### ORIGINATION / PURCHASE VOLUME

	Number of Loans	Dollar Volume
1-4 family		
Second mortgage		
Reverse mortgage		
Multifamily / commercial		
Grand total		
Projected next 12 months		

### CHANNEL MIX — BY NUMBER OF LOANS (SHOULD TOTAL 100%)

	Percent
Retail	
Wholesale	

5.1 For loans originated on a wholesale basis, do you verify each mortgage broker's license?

- YES     NO

5.2 Do you perform background checks on mortgage brokers?

- YES     NO

### DISPOSITION — BY NUMBER OF LOANS (SHOULD TOTAL 100%)

	Percent
Sold to GSEs	
Sold to other institutional investors	
Sold to individuals	
Held in applicant's portfolio	
Securitized by applicant	

## 6. Loan Characteristics

By number of loans, for 1–4 family loans originated or purchased above.

### LOAN TYPE (TOTAL MAY EXCEED 100%)

	Percent
Fannie / Freddie compliant (incl. compliant loans sold to others)	
Jumbo (otherwise compliant)	
FHA / HUD	
Other Alt-A / A-minus	
Subprime (FICO below 620)	

### QUALIFIED-MORTGAGE PROFILE

	Past 12 Mo.	Next 12 Mo.
Qualified mortgages (QM)		
Non-qualified mortgages (Non-QM)		
QM legal safe harbor		
QM rebuttable presumption of compliance		

6.1 Does your firm have a warehouse line of credit? If no, do you intend to obtain one within six months?

YES  NO

### WAREHOUSE LENDERS THE FIRM USES OR HAS APPLIED TO (FIRM AND CONTACT; ATTACH A LISTING IF NEEDED)

## 7. Revenues & Professional Services

### GROSS ANNUAL REVENUES — LAST FISCAL YEAR

### GROSS ANNUAL REVENUES — NEXT FISCAL YEAR

### PROFESSIONAL SERVICE ACTIVITIES — SHARE OF REVENUE

	% Last Yr.	% Projected
Mortgage origination		
Mortgage servicing		
Real estate appraisal		
Real estate sales		
Property management		
Insurance agency		
Other		

Origination figures should reflect loan origination fees only — not, for example, servicing rights released or warehouse-line interest revenue.

## 8. Loan Servicing Portfolio

Complete if the company services loans. Leave blank if no servicing activity.

**SERVICING PORTFOLIO AS OF (DATE)**

**SERVICING PORTFOLIO**

	Number of Loans	Dollar Volume
1-4 family		
Second mortgage		
Reverse mortgage		
Multifamily / commercial		
Other		
Grand total		

**DELINQUENCY / SERVICING RATIOS**

	Percent
30-59 days	
60-89 days	
Over 90 days	
REO or in foreclosure	
Total	

**NUMBER OF LOANS FORECLOSED UPON IN THE PAST 12 MONTHS**

**PRIMARY & SUB-SERVICING MIX — ESTIMATED % BY NUMBER OF LOANS**

	Percent
Primary servicer — owns the servicing rights and services the loan	
Sub-servicer — services loans whose servicing rights are owned by others	
Sub-serviced by others — owns the servicing rights, loans serviced elsewhere	

**ESTIMATED % OF CONDOMINIUM / PUD LOANS IN THE SERVICING PORTFOLIO**

8.1 Does the applicant own, originate, or service any loans for which earthquake insurance is required?  YES  NO

8.2 Does the applicant carry a force-placement program that automatically provides coverage where the applicant is aware required insurance is not in place?  YES  NO

**FORCE-PLACED CARRIER**

**FORCE-PLACED PROGRAM EXPIRATION DATE**



8.3 Does the force-placement program give the applicant the ability to backdate coverage?  YES  NO

## 9. Title & Loan Closing

9.1 Do your closing / settlement agent and attorney agreements include language requiring the closing agent to inform you of recent escrows, closings, or changes of title?  YES  NO

**MAXIMUM AMOUNT OF FUNDS PERMITTED TO BE WIRED TO A CLOSING / SETTLEMENT AGENT OR ATTORNEY AT ANY ONE TIME**

9.2 Do you (or a third party) run a background check on the closing / settlement agent or attorney performing each loan closing?  YES  NO

9.3 What exclusionary lists do you review prior to forwarding funds to closing / settlement agents and attorneys?

9.4 If loan closings are conducted by attorneys, do you verify their law license is valid and in good standing with the state?  YES  NO

9.5 Do you require all title agents and loan closing agents to be registered in the ALTA Registry and to have obtained an ALTA ID?  YES  NO

9.6 Prior to closing, do you search the ALTA Registry to confirm the identity of the title agent or loan closing agent?  YES  NO

9.7 Do you own a title company or agency, or are you affiliated with a title and/or escrow company? If yes, complete the Title Company Supplement.  YES  NO

## 10. Appraisal

10.1 Do any of your employees, or employees of related or owned entities, perform property appraisals on which lending decisions are based?  YES  NO

10.2 Are all appraisals ordered using appraisal management companies (AMCs)?  YES  NO

## 11. Computer Systems & Cyber

11.1 Is all valuable or sensitive data backed up regularly and subsequently encrypted (back-up tapes, cloud, etc.)?  YES  NO

11.2 Does the company encrypt data stored on laptop computers and other portable media?  YES  NO

11.3 Computer security in place includes

Firewall  Anti-virus  Spyware / malware protection

11.4 Does that security software update automatically?  YES  NO

11.5 Does the company have a written corporate-wide privacy policy available for review by clients? If yes, attach a copy.  YES  NO

11.6 Does the company accept credit cards for goods or services? If yes, is it compliant with applicable data-security standards (e.g. PCI)?  YES  NO

11.7 Has the company ever received a claim or complaint alleging invasion of privacy, identity theft, theft or breach of information, or been required to notify individuals of an actual or suspected data disclosure? If yes, attach details.  YES  NO

## 12. Cash & Accounting

12.1 Are borrower and investor escrows maintained in segregated custodial accounts?  YES  NO

12.2 Do company policies prohibit the transfer of escrow funds to or from other escrow or custodial accounts?  YES  NO

12.3 Do company policies prohibit the transfer of escrow funds to or from operating accounts?  YES  NO

12.4 Describe the controls on incoming and outgoing wire transfers of money.

\_\_\_\_\_  
\_\_\_\_\_

12.5 Are duties segregated so that no single individual has both custodial functions and accounting authority (cash receipts and disbursements) over the company's funds and securities?  YES  NO

12.6 Are all cash, bank, and similar balances reconciled monthly?  YES  NO

12.7 Are reconciliations prepared and supervised by an individual with no responsibility for cash receipts or disbursements by check or wire transfer?  YES  NO

12.8 Does an officer not responsible for receipt or disbursement of cash review all reconciliations and question unusual unreconciled items?  YES  NO

12.9 If 'No' applies to any cash & accounting question above, explain how the company handles that function.  
\_\_\_\_\_  
\_\_\_\_\_

**13. General Quality Control**

13.1 Do you use regulatory compliance software?  YES  NO

13.2 How does the company keep abreast of applicable federal and state regulations?  
\_\_\_\_\_  
\_\_\_\_\_

13.3 Do you utilize a fraud detection service? If yes, state the percentage of loans tested and the firm(s) used.  YES  NO

13.4 Do you have call-back procedures in place to verify VOE and VOD information prior to loan closing?  YES  NO

13.5 Describe the steps taken to verify borrower identities.  
\_\_\_\_\_  
\_\_\_\_\_

13.6 Do you run background checks on loan officers who originate loans for the company?  YES  NO

**LOANS REPURCHASED FROM / INDEMNIFIED TO INVESTORS, PAST 12 MO. — NUMBER**      **LOANS REPURCHASED / INDEMNIFIED — DOLLAR VOLUME**  
     

13.7 Do loan underwriters have production goals based on the number of loans closed?  YES  NO

**14. Claims & Loss History**

14.1 Was prior fidelity or E&O coverage ever cancelled or non-renewed, other than non-renewal because the carrier exited this line of coverage?  YES  NO

**REPORTED VIOLATIONS OF LAW**

14.2 Real Estate Settlement Procedures Act (RESPA)?  YES  NO

14.3 Truth in Lending Act (TILA)?  YES  NO

14.4 Equal Credit Opportunity legislation?  YES  NO

**LOSSES IN THE PAST 5 YEARS OVER \$5,000**

14.5 Employee dishonesty / fidelity?  YES  NO

14.6 Forged documents or checks?  YES  NO

14.7 Burglary, robbery, or theft?  YES  NO

- 14.8 Obtaining or maintaining mortgagor's insurance?  YES  NO
- 14.9 Real estate tax payments?  YES  NO
- 14.10 Any other area?  YES  NO

**SUITS, REGULATORY ACTIONS & KNOWLEDGE OF CLAIMS**

- 14.11 In the past 5 years, have any suits, arbitration demands, or administrative or regulatory actions been filed against the company, its predecessors, or any of its present or past directors, officers, or employees?  YES  NO
- 14.12 In the past 5 years, has the company or any predecessor in business, or any past or present partner, officer, director, or employee, been the subject of an investigation, reprimand, disciplinary action, criticism, or filed complaint by FHA, VA, a PMI carrier, an investor, an authority, or a governmental agency?  YES  NO
- 14.13 Has any principal, director, officer, or employee had a professional license suspended or revoked?  YES  NO
- 14.14 After inquiry of the CEO, CFO, COO, or General Counsel, is the company aware of any fact, circumstance, or event that could give rise to a loss or a claim against the company or its employees?  YES  NO

*If 'Yes' to any claims question, attach a separate sheet with full details, referencing the question number.*

**15. Current Coverage**

*List coverage currently in force, if any. Attach declarations pages where available.*

**CURRENT INSURANCE**

	Carrier	Limit	Deductible	Expiration
Fidelity bond				
Mortgagee's E&O				
Professional liability				
Directors & officers				
Cyber liability				

# Supplement A — Title Company

Complete this supplement if the company owns, or is affiliated with, a title or escrow company.

## 1. Title Company Relationship

- 1.1 Are the mortgage and title companies registered as separate entities with the Department of State?  YES  NO
- 1.2 Do the mortgage company and title company occupy separate offices?  YES  NO
- 1.3 Do the mortgage company and title company share any staff or employees?  YES  NO
- 1.4 Does the title company require two signatures on all checks generated from the escrow / funding accounts?  YES  NO

### PERSONS AUTHORIZED TO SIGN CHECKS

- 1.5 Does the mortgage company undergo an annual audit by an independent CPA?  YES  NO
- 1.6 Does the title company undergo an annual audit by an independent CPA?  YES  NO
- 1.7 If both companies are audited, are these audits conducted separately?  YES  NO
- 1.8 Do the mortgage and title companies have separate, dedicated phone lines, fax lines, and email servers?  YES  NO
- 1.9 Are client files for both companies maintained at their own on-site locations?  YES  NO
- 1.10 Is all communication between the two entities done exclusively through written correspondence?  YES  NO
- 1.11 What title insurance carriers does your title company utilize?  
\_\_\_\_\_

- 1.12 Do these title carriers audit your title entity? If yes, attach the most recent audit(s).  YES  NO

- 1.13 What disclosure procedures ensure full disclosure of the relationship between the mortgage company and the title entity? Attach a copy of the disclosure.  
\_\_\_\_\_  
\_\_\_\_\_

- 1.14 Does the borrower have a choice of title agent?  YES  NO

### PERCENTAGE OF THE MORTGAGE COMPANY'S BORROWERS WHO USE YOUR TITLE AGENCY

# Supplement B — Social Engineering Fraud

Social engineering fraud covers scenarios where an employee is deceived into transferring funds, or facilitating a transfer, by believing the requester is a genuine customer, vendor, counterparty, or member of staff — also known as fake-president, business email compromise, and CEO fraud.

## 1. Authentication Procedures

1.1 What procedures authenticate the validity of requested changes to a third-party vendor or customer bank account information held on record?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1.2 What procedures authenticate customer or client instructions to direct funds to a third-party bank account recipient?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1.3 Is a call-back required to authenticate such requests?  YES  NO

1.4 If yes, is the call-back made to a previously established number on record for the vendor or customer — not a number contained in the request itself?  YES  NO

1.5 Are transfer requests or bank-information changes ever accepted solely via electronic communication?  YES  NO

## 2. Fund-Transfer Controls

**ADDITIONAL SIGN-OFF IS SOUGHT FOR TRANSFERS THAT ARE** \_\_\_\_\_

2.1 Out of the country?  YES  NO

2.2 Over a certain value?  YES  NO

**IF YES, VALUE ABOVE WHICH TRANSACTIONS ARE SUBJECT TO SUCH CONTROL**

\_\_\_\_\_

2.3 Unusual or inconsistent with previous transfer behavior?  YES  NO

2.4 How does the company check or audit that any required authentication process is actually happening in practice?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2.5 What procedures validate the authenticity of what appear to be internally generated fund-transfer requests?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2.6 Do the procedures above also apply to requests purporting to come from executive management (CEO, CFO, etc.)?  YES  NO

## 3. Training & Loss Experience

3.1 What education or awareness programs make employees aware of social engineering fraud risk? Note the main areas of guidance and who received the training.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3.2 Are there additional measures, not described above, used to manage social engineering fraud risk? If yes, describe.  YES  NO

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3.3 Has the organization been the victim of a fraud in which it was deceived as to the identity of a person initiating a funds-transfer request? If yes, describe.  YES  NO

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3.4 In the last 12 months, has the organization identified and prevented a fraud of the kind described above? If yes, provide details.  YES  NO

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# Certification of Information

The undersigned, an authorized representative of the applicant, confirms that the information provided in this questionnaire and its attachments is, to the best of their knowledge and belief after reasonable inquiry, accurate and complete as of the date below. The applicant agrees to notify the underwriting desk of any material change in this information prior to the effective date of any coverage.

**FOR THE UNDERWRITING DESK — CARRIER APPLICATION LANGUAGE**  
This questionnaire becomes a binding application only when the carrier's or program's authorized warranty, representation, and state insurance fraud-notice language is added here by Surety One's licensed underwriter. That language is not included in this document and must not be drafted ad hoc — it is supplied by the program and is specific to the market and policy being applied for.

**AUTHORIZED REPRESENTATIVE** \_\_\_\_\_

**NAME**

**TITLE**

**SIGNATURE**

**DATE**

**EMAIL**

**PHONE**

**APPLICANT COMPANY NAME**

*Submitting this questionnaire does not bind coverage and does not constitute a binding application until completed as described above.*

**Mortgage Bankers Bond — a desk of Surety One, Inc.**  
[Underwriting@SuretyOne.com](mailto:Underwriting@SuretyOne.com) · (800) 373-2804 · [MortgageBankersBond.com](http://MortgageBankersBond.com)