

# Financial Institutions Bond Application

## Form 15 for Mortgage Bankers and Finance Companies

### New Business Application



#### General Information

1. Name of Applicant:
  2. Address of Applicant:
- Please attach a list of all subsidiaries including operations, percent of ownership and the date acquired or created. **(Note: The application and any attachments must include information for the first named insured and all subsidiaries and other entities to be included by endorsement.)**
3. Applicant is a:
 

☐ Mortgage Banker

☐ Finance Company

☐ Small Loan Company

☐ Small Business Investment Company

☐ Dealer in Mortgages

☐ Dealer in Commercial Paper

☐ Note Broker

☐ REIT

☐ Title Insurance Company (engaged in mortgage business)

☐ Other:
  4. Do you or any subsidiaries engage in operations different from the above? ☐ Yes ☐ No  
 If yes, please describe:
  5. Website Address:
  6. Annual Revenues: \$  Date Established:
  7. In the past three (3) years:
    - a. Has there been any change in ownership or management? ☐ Yes ☐ No
    - b. Have you or any subsidiary engaged in any mergers or acquisitions? ☐ Yes ☐ No
    - c. Are any of the above expected in the next twelve (12) months? ☐ Yes ☐ No

Please provide additional detail for any "Yes" answers.

#### Current or Requested Coverage

Insuring Agreement	Limit	Deductible
Basic Bond Coverage	\$	\$
Insuring Agreement (D) - Forgery or Alteration	\$	\$
Insuring Agreement (E) – Securities	\$	\$
Extortion – Threats to Persons	\$	\$
Extortion – Threats to Property	\$	\$
Computer Systems Fraud	\$	\$
Trading Loss Coverage	\$	\$
Other:	\$	\$
Current Carrier	<div style="border: 1px solid black; width: 150px; height: 15px;"></div>	Expiring Premium: \$ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>

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#### Loss History

List all losses sustained, whether or not claimed, and if claimed, whether or not reimbursed during the past six years from the completion date of this application for any similar insurance requested in this application.

Check if none ☐

Date of Loss	Type of Loss (Employee Theft, Forgery, etc.)	Amount of Loss
		\$
		\$
		\$

Please attach full details of all losses including descriptions, corrective action taken, estimated ultimate total amount and amount covered by insurance.

#### Exposure Information

- Domestic Employees:  Domestic Locations:   
 Foreign Employees:  Foreign Locations:   
 Grand Total:  Grand Total:
- Total Assets: (latest 12/31) \$  (latest 6/30) \$

- For each foreign location, please detail the following information (attach separate sheet if necessary): ☐ None

Country	Type of Operation	# of Employees	Revenues
			\$
			\$
			\$

- Please provide an estimated breakdown of the types of investments:  
 Liquid (exchange traded, over the counter, etc.)  % Illiquid (private companies, real estate, etc.)  %
- Average loan amount: \$  Number of loans / year:
- Is collateral kept under dual control? ☐ Yes ☐ No
- Are any loan proceeds disbursed by cash? ☐ Yes ☐ No
- What is the maximum amount of currency held on premises? \$
- Do you handle precious metals/stones? ☐ Yes ☐ No  
 If yes, please provide details.
- Are all controls (listed below) consistent among all locations (including foreign locations)? ☐ Yes ☐ No

#### Audit Controls

- Is there an annual or semi-annual audit by an independent CPA? ☐ Yes ☐ No  
 If yes, is it conducted in accordance with GAAP standards? ☐ Yes ☐ No  
 Name and location of CPA:   
 Date last audit completed:   
 If no, what is the scope?
- Has the CPA reported any significant deficiencies and/or material weaknesses in your systems of internal controls? If yes, please explain. ☐ N/A ☐ Yes ☐ No
- Is there continuous internal audit by the Internal Audit Department? ☐ Yes ☐ No
- Are money and securities actually counted and verified? ☐ Yes ☐ No
- How are loan balances verified?

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**Compliance**

1. Are you a seller or servicer of secondary market mortgages of Freddie Mac, Fanny Mae, Ginnie Mae or other agencies? ☐ Yes ☐ No
2. Has any regulatory agency issued consent agreements, special situation agreements, memoranda of understanding, cease and desist orders, or similar restrictions during the previous twelve (12) months? ☐ Yes ☐ No
3. Has the Applicant's license or the license of any employee, officer or owner ever been suspended or revoked? If yes, please explain. ☐ Yes ☐ No
4. Are you currently in compliance with federal, state and local laws and regulations? ☐ Yes ☐ No
- Is ongoing training on applicable laws and regulations provided to employees? ☐ Yes ☐ No
5. Check all that apply:
  - ☐ Operations manual for all operating divisions
  - ☐ Written investment policy ☐ Written security policy ☐ Written loan policy
  - ☐ Written code of ethics ☐ Asset/liability management policy
  - ☐ Annual reporting and review of outside business interests of all Directors and Officers
  - ☐ Standard procedure for investigating and verifying employees prior to their employment

**Internal Controls**

1. Do you have a documented system of internal control policies / procedures? ☐ Yes ☐ No
2. Do you require annual vacations of at least two consecutive weeks for all personnel? ☐ Yes ☐ No
3. Is there a formal, planned program requiring the rotation of duties of key personnel without prior notice? ☐ Yes ☐ No
4. Are bank accounts reconciled monthly? ☐ Yes ☐ No
5. Are bank accounts reconciled by someone not authorized to deposit or withdraw? ☐ Yes ☐ No
6. Are at least two signatures required on checks? ☐ Yes ☐ No
- Above what amount?
7. Do vouchers or other supporting records accompany all checks to be signed? ☐ Yes ☐ No
- Are internal controls designed so that no employee can control a process from beginning to end? (e.g. request a check, approve a voucher and sign the check) ☐ Yes ☐ No
8. Are monthly statements (whether or not there was activity in the account) sent directly to all customers? ☐ Yes ☐ No
9. Are all customer complaints handled by employees other than those employees involved directly in the initial transactions? ☐ Yes ☐ No
10. Is fraud training provided to: ☐ Executives ☐ Managers ☐ Employees
11. Do you have a fraud hotline that is publicized to employees, vendors, and customers? ☐ Yes ☐ No
12. Are all tips appropriately investigated and action taken? ☐ Yes ☐ No
13. Is an authorized vendor list utilized and updated annually for all purchases, with competitive bidding required? ☐ Yes ☐ No
14. Are background checks performed on vendors in order to determine ownership and financial capability? ☐ Yes ☐ No
15. Is the responsibility for authorizing vendors, approving invoices and processing payments segregated among different employees? ☐ Yes ☐ No

**Computer Controls**

1. Number of independent software contractors authorized to design, implement or service your systems:
2. Do customers or other outsiders have access to your systems? ☐ Yes ☐ No

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3.	Number of Additional Computer Systems (CHIPS, SWIFT, etc)	
	List Computer Systems:	
4.	Number of Data Processing Organizations utilized:	
	List of Data Processing Organizations:	
5.	Are employees' passwords required for access to sensitive information?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	How often are passwords required to be changed?	
6.	Are permissions changed when employees change positions and no longer require access to certain systems / information?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.	Are all desktop computers blocked from accessing harmful websites?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8.	Are all desktop computers protected by anti-virus software?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9.	Are the following warned of Phishing scams? <input type="checkbox"/> Employees <input type="checkbox"/> Customers <input type="checkbox"/> Vendors	
10.	Do you utilize email authentication (such as SPF or DKIM) to ensure that received email has originated from an authorized system?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11.	Do you require authentication of the identity of the caller before acting upon any transfer instructions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12.	Is dual authorization required to process any transfers?	<input type="checkbox"/> Yes <input type="checkbox"/> No
13.	Do you offer online, web-based access to trading platforms and customer account information?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If so, how often are customer passwords required to be changed?	
14.	Are you compliant with FFIEC (Federal Financial Institutions Examination Council) security standards?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15.	Are customers verified through multi-factor authentication (as defined by FFIEC)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16.	Do you use "complex device identification" including "one time" cookies to authenticate users?	<input type="checkbox"/> Yes <input type="checkbox"/> No
17.	Are systems designed to bring your attention to unusual or suspicious account activity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
18.	Do you have a Chief Information Security Officer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
19.	Does the Board of Directors review information security controls at least annually?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Additional Documents**

Please submit the following additional documents:

- Most recent CPA Audited Financial Statements
- Most recent CPA Letter to Management with regard to internal controls (including management's response)

**Financial Information**

(Complete this section only if financial statements have not been submitted)

	Current Year	Prior Year
As of:		
Cash:	\$	\$
Accounts Receivable:	\$	\$
Total Assets:	\$	\$
Current Liabilities:	\$	\$
Total Liabilities:	\$	\$
Cash flow from Operations:	\$	\$

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Revenue:	\$	\$
Net Income:	\$	\$

If there is any material change in the answers to the questions in this Application before the proposed policy inception date, the Applicant must notify the Insurer in writing and any outstanding quote for insurance coverage may be modified or withdrawn.

The Applicant's submission of this Application does not obligate the Insurer to issue, or the Applicant to purchase a policy. The Applicant authorizes the Insurer to make any inquiry in connection with this Application.

All written statements and materials furnished to the Insurer in conjunction with this Application are hereby incorporated into this Application and made a part hereof.

The undersigned authorized agents of the Applicant declare that to the best of their knowledge and belief, after reasonable inquiry, the statements made in this Application are true and complete. The undersigned agree that this Application shall be the basis of the insurance policy should an insurance policy providing the requested coverage be issued and that the Insurer will have relied on the Application in issuing any policy.

**NOTICE TO APPLICANTS:** 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 ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS:** 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.

**NOTICE TO COLORADO APPLICANTS:** 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 INSURANCE 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 AUTHORITIES

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS:** WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.

**NOTICE TO FLORIDA APPLICANTS:** 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.

**NOTICE TO KENTUCKY APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE 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.

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**NOTICE TO LOUISIANA APPLICANTS:** 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.

**NOTICE TO MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE INSURANCE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

**NOTICE TO MARYLAND APPLICANTS:** ANY PERSON WHO KNOWINGLY OR WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO 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.

**NOTICE TO NEW JERSEY APPLICANTS:** ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO OHIO APPLICANTS:** ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

**NOTICE TO OREGON APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS MATERIALLY FALSE INFORMATION IN AN APPLICATION FOR INSURANCE MAY BE GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO OKLAHOMA APPLICANTS: 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 (365:15-1-10, 36 §3613.1).

**NOTICE TO PENNSYLVANIA APPLICANTS:** 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.

**NOTICE TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE INSURANCE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO VERMONT APPLICANTS:** 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, MAY BE GUILTY OF A CRIMINAL OFFENSE AND SUBJECT TO CIVIL PENALTIES UNDER STATE LAW.

**NOTICE TO NEW YORK APPLICANTS:** 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

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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.

Signature

Applicant

Date

Title

Signature of Producer

Date

Address of Producer

Producer's License Number

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