
**FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY**

MORTGAGE LENDING ACTIVITIES PROTECTION POLICY

FORMS FILING MEMORANDUM

In our capacity as a primary writer of Financial Institutions throughout the United States, the Fidelity and Deposit Company of Maryland has the responsibility to continue rounding out the Financial Services community insurance portfolio.

The very nature of a Financial Institution's mortgage lending activities are susceptible to wrongful acts allegations, especially when a previously unknown property interest is discovered and as a result of a covered loss the value of the Institution's recovery of mortgage holder's interest is reduced to less than the outstanding mortgage balance.

In response to wrongful acts allegations arising from a Financial Institution's lending activities, the Fidelity and Deposit Company of Maryland has developed the Mortgage Lending Activities Protection Policy. The MLP coverage form is structured and rated to be available as a stand-alone policy. The policy is rated based on reports that are submitted by the insured after each period, and at the policy's expiration, or termination date.

In conjunction with the introduction of Mortgage Lending Activities Protection Policy coverage, we have created the following forms:

- Mortgage Lending Activities Protection Policy MLP-4620 (Ed. 05-86)
- Declarations MLP-4521 (Ed. 05-86)
- Mortgage Lending Activities Protection Policy Application MLP-4522 (Ed. 05-86)
- Mortgage Lending Activities Report MLP-4623 (Ed. 05-86)
- Texas Mandatory Endorsement MLP-4524 (Ed. 05-86)

**FIDELITY AND DEPOSIT COMPANY OF MARYLAND
 COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
 MORTGAGE LENDING ACTIVITIES PROTECTION POLICY**

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**FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
MORTGAGE LENDING ACTIVITIES PROTECTION POLICY**

1. INSURING AGREEMENT

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the insurer, including the statements made in the Application, and subject to all the terms, conditions, limitations and exclusions provisions of this Policy, the insurer agrees to indemnify the insured for Loss resulting from a Mortgage Lending Wrongful Act in connection with its Mortgage Lending Activities.

2. DEFINITIONS

- (a) **Company** means the entity named in Item 1. of the Declarations.
- (b) **Deposit Premium** means the initial premium paid by the insured on a provisional basis pending a premium adjustment.
- (c) **Extended Reporting Periods** means the period shown in Item 7. of the Declarations from the date of origination of each Mortgage made during the Policy Period.
- (d) **Insured** means the Company and any Subsidiary of the Company as of the effective date of this Policy if such Subsidiary is named in the Application.
- (e) **Loss(es)** means the unpaid principal and accrued interest on the loan as of the date of default by the borrower. This does not include any late charges or penalty interest. Loss shall not include:
 - (1) interest, fees or other monies accruing after notice of Loss pursuant to Clause 7 of the Policy; or
 - (2) taxes, fines or penalties; or
 - (3) matters which may be deemed uninsurable under the law pursuant to which this Policy is construed; or
 - (4) any amount to which the insured is not legally entitled.
- (f) **Mortgage(s)** means an agreement which conveys property to the insured for debt according to specific terms and is evidenced by a deed of trust contract for deed; loan contract; or a contract for sale originated during the Policy Period.
- (g) **Mortgage Lending Wrongful Act(s)** means any actual and material error, neglect, omission, or breach of duty in the actual performance of, or failure to perform, any Mortgage Lending Activities.
- (h) **Mortgage Lending Activities** means those activities performed or required to be performed pursuant to Clause 2. (K) of the Policy.
- (i) **Policy Period** means the period from the effective date to the expiration date shown in Item 2. of the Declarations or to any earlier date of termination.
- (k) **Policy Year** means the period of one year following the effective date and hour of this Policy or any anniversary thereof, or if the time between the effective date or any anniversary and termination of the Policy Period is less than one year, such lesser period.
- (l) **Subsidiary** means any corporation in which the Company owns more than fifty percent (50%) of the voting stock, whether directly or indirectly through one or more of its Subsidiaries.

3. EXCLUSIONS

The insurer shall not be liable to make any payment for Loss:

- (a) for any liability of others assumed by the insured under any contract or agreement, either oral or in writing, unless the liability would have attached in the absence of the contract or agreement;

- (b) for any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person, or damage to or destruction of any property, including loss of use thereof, or libel, slander, defamation, false arrest, detention or imprisonment, malicious prosecution, violation of any right of privacy, wrongful entry or eviction or other invasion of any right of private occupancy.
- (c) for any intentional misconduct, or any dishonest, fraudulent or criminal act or omission, or any willful violation of any common or statutory law or regulation by the insured, or by any person for whose actions the insured is legally responsible;
- (d) for any conflict of interest or the gaining of any profit or advantage to which the insured, or any person for whose actions the insured is legally responsible, was not legally entitled;
- (e) from any facts, circumstances, situations, transactions or events which have been the subject of any notice given under any other policy of insurance prior to the effective date of this Policy;
- (f) with respect to any Subsidiary, based upon or attributable to or arising from any Mortgage Lending Wrongful Act committed during any time in which such entity is not or was not a Subsidiary;

(g) for:

- (1) any actual, alleged or threatened exposure to or generation, transportation, discharge, emission, dispersal, release, escape, treatment, storage, removal or disposal of any Pollutants or other irritants or contaminants; or
- (2) any regulation, order, direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any Pollutants, or any action taken in contemplation or anticipation of any such regulation, order, direction or request;

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, toxic chemicals and waste materials, including materials which are intended to be or have been recycled, reconditioned or reclaimed, or any other similar substance of any kind or nature whatsoever.

- (h) for any dispute involving fees, commissions, costs or other charges for any Mortgage Lending Activities;
- (i) from any purchase money Mortgage;
- (j) for any Mortgage whose priority position is not lower than its priority position when recorded. This exclusion does not apply to Mortgages whose priority position is the same as or higher than when recorded because of the satisfaction of a lien;
- (k) from any property interest which was recorded after origination of a Mortgage, unless State Law deems that property interest to have a higher priority than the Mortgage;
- (l) from any holders of equity interest in the collateral which was recorded after the origination of a Mortgage, unless State Law deems that equity interest to have a higher priority than the Mortgage;
- (m) from any collection expenses or penalty charges that are assessed under any financing contract;
- (n) from any bookkeeping, accounting or billing errors or omissions;
- (o) from any late payment or past due amounts;
- (p) from any amounts due from the mortgagor because of any bankruptcy or similar legal proceeding;
- (q) from any costs or expenses incurred in determining the validity or superiority of any security interest;
- (r) for the costs of foreclosure including any amounts the insured must pay for liens, judgments, or easements in order to take possession of collateral property;
- (s) for any loan or line of credit that is unsecured or secured by personalty;
- (t) for any loan other than an equity line or equity loan or consumer loan secured by realty;
- (u) from any stocks, bonds, notes, and other evidences of indebtedness;
- (v) for any Mortgage secured by collateral that is other than a 1-4 family dwelling.

4. PER MORTGAGE LIMIT; AGGREGATE LIMIT OF LIABILITY

The Per Mortgage Limit shown in Item 3. of the Declarations applies per Mortgage. It is the most the Insurer will pay for any Loss.

The Aggregate Limit of Liability of the Insurer shall be the amount stated in Item 4. of the Declarations, which amount, regardless of the time of payment by the Insurer, shall be the maximum liability of the Insurer for all Loss resulting from all Loss in the Policy Period. The Aggregate Limit of Liability shall apply regardless of the number of persons and entities included within the definition of Insured, the number of Losses or the number of persons or entities discovering a Loss.

Loss based upon or arising out of, directly or indirectly resulting from, in consequence of, or in any way involving the same or related Mortgage Lending Wrongful Act, facts, circumstances, situations, transactions or events, or the same or related sales of Mortgage Lending Wrongful Act, facts, circumstances, situations, transactions or events shall be deemed to be a single Loss, which shall be deemed to have been made when the earliest such Loss was first made.

5. DEDUCTIBLE PER LOSS; DEDUCTIBLE ANNUAL AGGREGATE

The Deductible shown in Item 5. of the Declarations applies per Loss. Each Loss is adjusted separately and the Deductible is subtracted from the adjusted amount.

The Deductible Annual Aggregate shall be the amount stated in Item 6. of the Declarations, which amount, regardless of the number of Deductible payments by the Insured, shall be the maximum payment by the Insured for all Loss resulting from all Loss in the Policy Period. The Deductible Annual Aggregate shall apply regardless of the number of entities included within the definition of Insured, the number of Loss(es) or entities discovering a Loss.

Once the Deductible Annual Aggregate amount shown in Item 6. of the Declarations is satisfied, the Insurer shall be liable for all loss up to the Annual Aggregate Limit of Liability.

6. EXTENDED REPORTING PERIODS

The Company shall have the right to an Automatic Extended Reporting Period and an Optional Extended Reporting Period as follows:

(a) Automatic Extended Reporting Period

The Company shall have the right to an extension of the coverage otherwise provided under this policy with respect to any Loss during the period of sixty (60) months from the date of origination of each Mortgage made during the Policy Period, (the Automatic Extended Reporting Period), but only with respect to any Mortgage Lending Wrongful Act committed during the Policy Period.

(b) Optional Extended Reporting Period

The Company shall have the right, upon payment of additional premium, to purchase an extension of an additional sixty (60) months of the coverage otherwise provided under this policy with respect to any Loss during the period shown in Item 7b. of the Declarations from the date of origination of each Mortgage made during the Policy Period, (the Optional Extended Reporting Period), but only with respect to any Mortgage Lending Wrongful Act committed during the Policy Period. The right to purchase the Optional Extended Reporting Period shall terminate unless written notice is given to the Insurer, together with payment of the appropriate premium, within thirty (30) days after the expiration date of the Policy Period.

7. NOTICE OF MORTGAGE LENDING WRONGFUL ACT, CIRCUMSTANCES OR LOSS

(a) If, during the Policy Period or the Extended Reporting Period, the Insured:

- (1) discovers a specified Mortgage Lending Wrongful Act, or becomes aware of facts or circumstances which may subsequently give rise to a Mortgage Lending Wrongful Act, and
- (2) the Mortgage originated in conjunction with the Mortgage Lending Wrongful Act is in default:

the Insured shall provide written notice thereof to the Insurer as soon as practicable and prior to the date of termination of the Policy Period or the Extended Reporting Periods, specifying with particularity the Mortgage Lending Wrongful Act the consequences which have resulted or may result therefrom and the circumstances by which the Insured first became aware thereof.

- (b) The insured must, as a condition precedent to its rights under this Policy, give the Insurer written notice of any Loss as soon as practicable, but in any event not later than thirty (30) days after the date of termination of the Policy Period or before the expiration of the Extended Reporting Periods, and such information and cooperation as the Insurer may reasonably require.
- (c) Notice hereunder shall be given to the Insurer at the address shown in Item 10. of the Declarations.
- (d) As soon as practicable, after giving notice required in Clause 7. (a) of the Policy, provide the Insurer with a signed, sworn proof of Loss which sets forth to the best of the Company's knowledge and belief all Loss incurred as a result of the Mortgage Lending Wrongful Act and copies of all reports, investigations, and other papers in connection therewith.

8. REPORTS AND COMPUTED PREMIUM

- (a) Reports. The insured must file with the Insurer a mortgage lending activities report, within 15 days after the end of each period specified in Item 8. (b) of the Declarations; and the policy's expiration or termination date.

Each report must show the insured's security interest on all Mortgages originated during the policy period, including the total number and amount of each equity line of credit loan, and closed and consumer loan.

With the Insurer's prior approval, the insured may report Mortgages originated prior to the policy period. The Insurer will use these reports to figure the earned premium.

If at the time of Loss the insured has failed to submit any required reports, the Insurer will only pay for Loss on Mortgages reported in the last report filed before the Loss. The insured may not correct inaccurate reports after a Loss.

- (b) Computed Premium. The premium shown in Item 8. of the Declarations as a Deposit Premium will be applied to earned premium. Earned Premium will be determined at each period or at policy termination by using the applicable rates on reported values. When the earned premium exceeds the Deposit Premium, the Insurer will bill the insured for the additional amount or the Insurer will return the premium difference to the insured if the earned premium is less than the Deposit Premium.

9. GENERAL CONDITIONS

- (a) Acquisitions, Creations and Assumptions

In the event, during the Policy Period, the Company acquires or creates a Subsidiary or acquires or assumes any assets or liabilities which, in either event, represent an increase of more than twenty five percent (25%) of the total assets or liabilities, respectively, of the Company (as reflected in its most recent consolidated financial statement), written notice thereof shall be given to the Insurer as soon as practicable after the acquisition together with a revised application, along with a report of Mortgages and premium. There shall be no coverage for Loss in connection with any Loss based upon or attributable to or arising from such acquired or assumed assets or liabilities or acquired or created Subsidiary unless:

- (1) written notice thereof shall be given to the Insurer as soon as practicable after the date of acquisition, assumption or creation, together with a revised application, along with a report of Mortgages and the premium, and
- (2) the Company accepts any terms, conditions and limitations of coverage and pays such additional premium as the Insurer, in its sole discretion, may require, and
- (3) the Insurer agrees, in writing, to provide such coverage subject to any terms, conditions and limitations it deems necessary.

- (b) Acquisition of the Insured

Upon the occurrence of any of the following events during the Policy Period:

- (1) the acquisition of the Company by another entity, or
- (2) the acquisition of fifty percent (50%) or more of the issued and outstanding voting securities representing the present right to vote for the election of directors of the Company by any person, entity or affiliated group of persons or entities; or

- (3) the acquisition, divestiture or sale of more than fifty percent (50%) of the assets or liabilities of the Company (as reflected in its most recent consolidated financial statement) by or to any entity or affiliated group or entities; or
- (4) the appointment of a receiver, conservator, trustee, liquidator, or rehabilitator, or any similar official, for or with respect to the Company or any Subsidiary; or
- (5) the merger or consolidation of the Company into or with another entity such that the Company is not the surviving entity.

coverage under this policy shall continue in full force and effect with respect to Loss for Mortgage Lending Wrongful Act(s) committed or allegedly committed before such event, but coverage shall cease with respect to Loss for Mortgage Lending Wrongful Act(s) committed or allegedly committed after such event.

After any such event, the policy may not be terminated or canceled except as provided for in Clause 9. (g)(2) of the Policy until the expiration date of the Policy Period shown in Item 2. of the Declarations, and the entire premium for the policy becomes fully earned.

Occurrence of any of the foregoing events shall not affect the right of the Company to purchase the Optional Extended Reporting Period under Clause 5.(b) Extended Reporting Periods, except when all premium due for the remainder of the Policy Period is not fully paid within thirty (30) days of the effective date of such event, in which case:

- a. there will be no right to purchase the Optional Extended Reporting Period, under Clause 5.(b) of the Policy Extended Reporting Periods, and
- b. notwithstanding the foregoing, the policy shall be deemed terminated at the end of the Policy Year in which such event occurred.

(c) Action Against Insurer

No action shall be taken against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy and the action is started within one year after notice of Mortgage Lending Wrongful Act, circumstances or Loss, pursuant to Clause 7. of the Policy.

No person or organization shall have any right under this Policy to join the Insurer as a party to any action against the Insured to determine a Mortgage Lending Wrongful Act by the Insured, nor shall the Insurer be impleaded by the Insured or their legal representative. Bankruptcy or insolvency of an Insured or of an Insured's estate shall not relieve the Insurer of any of its obligations hereunder.

(d) Appraisal

In case the Insured and the Insurer shall fail to agree as to the amount of the Loss, then on written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 30 days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for 15 days to agree upon such umpire, then, on request of the Insured or the Insurer, such umpire shall be selected by a judge of a court of record in the state in which the Insured is located. The appraisers shall then appraise the loss, stating separately the loss; and failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two, when filed with the Insurer shall determine the amount of Loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

(e) Assignment

No assignment of interest under this Policy shall bind the Insurer without its consent.

(f) Audit

The Insurer shall be permitted but not obligated to audit the Insured operations at any time. Neither the Insurer's right to audit nor the conducting thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine that such operations are in compliance. The Insurer may examine and audit the Insured's books and records at any time during the Policy Period and extensions thereof and within three years after the final termination of this Policy, as far as they relate to the subject matter of this insurance.

(g) Cancellation

(1) Except as provided in Clause 9(b) of the Policy, this Policy may be canceled by the Company by surrender thereof to the insurer or any of its authorized agents or by mailing to the insurer written notice stating when thereafter the cancellation shall be effective.

(2) This policy may not be canceled by or on behalf of the insurer except for failure to pay a premium when due.

The mailing of such notice shall be sufficient proof of notice. This Policy shall terminate and the Policy Period shall end at the date and hour specified in such notice.

If this Policy is canceled by the Company, the insurer shall retain the customary short rate portion of the premium. Payment or tender of any unearned premium by the insurer shall not be a condition precedent to the effectiveness of cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

(h) Changes

Notice to any agent or knowledge possessed by any agent or other person acting on behalf of the insurer shall not effect a waiver or change in any part of this Policy or stop the insurer from asserting any right under the terms and conditions of this Policy; nor shall any terms or conditions of this Policy be waived or changed except by written endorsement issued to form a part of this Policy.

(i) Concealment of Fraud

This entire Policy shall be void if, whether before or after a Loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

(j) Exhaustion of Limits

The exhaustion of the Annual Aggregate Limit of Liability by payment of Loss terminates and extinguishes any and all obligations and responsibilities of any kind or nature whatsoever of the insurer under this Policy.

(k) Loan Origination

With respect to Mortgages to which this coverage applies, the insured warrants in addition to undertaking all customary procedures to close Mortgages, agree to:

- (1) obtain the property tax bill that lists the names in which the ownership of the warranty deed is vested, property street address, parcel legal description and tax key number or reviewing the first purchase Mortgage agreement;
- (2) acquire and review a recent credit bureau report within 60 days of the mortgage origination that lists outstanding Mortgage(s), judgments, liens and the property address; and
- (3) secure an owners affidavit that will illustrate good title;
- (4) keep accurate records of the number of Mortgage(s) for the collateral property and their fair market value for foreclosed property and retain them for two years after the Extended Reporting Period ends;
- (5) present the Mortgage for filing with the proper public authority; and
- (6) follow prudent underwriting standards.

(l) Notice and Authorization

Notice from the insurer shall be given to the Company in care of the person specified in Item 1. of the Declarations. The insured agrees that such person is authorized to receive any and all notices hereunder.

The entity named in Item 1. of the Declarations agrees to act on behalf of the insured with respect to all matters under this Policy, including but not limited to the giving of notice to the insurer as required herein, the payment of premiums and the receiving of any return premiums that may become due under this Policy. All entities included within the

definition of Insured agree that the entity named in Item 1. of the Declarations is authorized to act on their behalf in such respects.

(m) Other Insurance

If there is other valid and collectible insurance which would attach if this insurance had not been effected, this insurance shall apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted. This Policy shall not be subject to the terms and conditions of any other insurance.

(n) Representations

The Insured represents that the particulars and statements contained in the Application and any documents or information submitted to the Insurer in connection therewith are true, accurate and complete and are the basis of this Policy and are considered as incorporated in and constituting part of this Policy. It is agreed that such particulars and statements are material to the decision to issue this Policy and this Policy is issued in reliance upon the truth, accuracy and completeness of such representations particulars and statements.

(o) Sale or Dissolution of a Subsidiary

In the event that, during the Policy Period, the Company sells or dissolves any Subsidiary, coverage under this policy for such Subsidiary and any Insured with respect thereto shall continue in full force and effect with respect to Loss for Mortgage Lending Wrongful Acts committed or allegedly committed before such event.

(p) Subrogation

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefor, and the Insured shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be necessary to enable the Insurer to effectively bring suit in the name of the Insured. The Insured may take no action to impair the Insurer's right of subrogation without the written consent of the Insurer.

ATTEST:

James L. Keenan Jr.
Secretary

By:

Richard H. Sullivan
President

**FIDELITY AND DEPOSIT COMPANY OF MARYLAND
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY**

DECLARATIONS PAGE

MORTGAGE LENDING ACTIVITIES PROTECTION POLICY

Fidelity and Deposit Company of Maryland
P. O. Box 1227
Baltimore, Maryland 21203

Colonial American Casualty and Surety Company
P. O. Box 1227
Baltimore, Maryland 21203

(stock insurance companies, herein called the insurer)

THE COVERAGE UNDER THIS POLICY IS LIMITED TO LIABILITY RESULTING FROM LOSSES THAT ARE DISCOVERED BY THE INSURED AFTER THE DATE OF ORIGINATION OF EACH MORTGAGE MADE DURING THE POLICY PERIOD. PLEASE REVIEW THIS POLICY CAREFULLY AND DISCUSS THE COVERAGE HEREUNDER WITH YOUR INSURANCE AGENT OR BROKER AND YOUR ATTORNEY.

Policy Number: _____

ITEM 1. Name and Mailing Address of the Company: _____

ITEM 2. Policy Period: From _____ To _____
12:01 a.m. at the address of the Company stated above

ITEM 3. Per Mortgage Limit of Liability \$ _____

ITEM 4. Annual Aggregate \$ _____ Aggregate Limit of Liability for Losses in each
Policy Year

ITEM 5. Deductible Per Loss \$ _____

ITEM 6. Deductible Annual Aggregate \$ _____

ITEM 7. a. Automatic Extended Reporting Period _____ months

b. Optional Extended Reporting Period _____ months

ITEM 8. a. Deposit Premiums \$ _____

b. Mortgage Lending Activities Reporting Period Monthly Quarterly Semi-Annually

ITEM 9. Premium Per Mortgage: \$ _____

ITEM 10. All notices required to be given to the insured shall be addressed to: _____

ITEM 11. Endorsements attached at issuance: _____

This Declarations Page together with the completed and signed Application and the policy with endorsements shall constitute the entire contract between the insurer and the insured.

Date _____

Authorized Representative _____

**FIDELITY AND DEPOSIT COMPANY OF MARYLAND
 COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
 MORTGAGE LENDING ACTIVITIES PROTECTION POLICY APPLICATION**

Named Insured: _____ Agent: _____
 Address: _____ Address: _____

Effective Date: _____ Agent Code: _____
 Expiration Date: _____

Type of Institution: _____
 New Business Renewal of Policy No. _____

Limits of Insurance: _____ Deductibles: _____
 Per Mortgage Annual Aggregate _____ Per Loss Annual Aggregate _____

Loan Coverage Period: 90 Months 120 Months
 Mortgage Lending Activity Reporting Period: Monthly Quarterly Semi-Annually

Loan Information:
 Expected Number of Equity Line of Credit Loans (ELP) to be originated within the next 12 months? _____
 Average Outstanding Balance \$ _____
 Expected Number of Closed End Consumer Loans (CECL) to be originated within the next 12 months? _____
 Average Outstanding Balance \$ _____

Profile Equity Lines of Credit Loans and Closed End Consumer Loans identified by Average Line of Credit, Number of Loans With Outstanding Balance, Average Outstanding Balance, Average Percent of Lines of Credit Used, Total Outstanding Balance.

	ELP'S	CECL'S
Total Number of Loans:	_____	_____
Total Number Less Than \$50,000:	_____	_____
Total Number Over \$50,000:	_____	_____
Please indicate 30-60 Days Past Due %	_____	_____
Please indicate % of Loan Non-Current	_____	_____
Please indicate Charge Off %	_____	_____

The insured understands that it is a condition of the Policy to undertake all customary procedures to close equity lines and consumer loans, including the following. If not, the insured agrees to implement as soon as practicable.

1. Obtain property tax bill on secured property or review the first purchase mortgage Yes No
2. Secure credit bureau report Yes No
3. Require owners affidavit Yes No
4. Perform appraisal of secured property Yes No
5. List other forms of documents used to originate second position mortgages: _____

Please attach a copy of your second position mortgage underwriting guidelines.

Provide loss history for the past 5 years. Indicate loss of mortgage holders interest that would have been covered by this insurance.

- 0 - \$250,000
- \$250,000 - \$500,000
- Over \$500,000

Please provide details on losses indicated above.

STATUTORY FRAUD WARNING NOTICES:

ARKANSAS: Any person who knowingly presents a false or fraudulent claim for payment of a loss 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.

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 policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder 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: 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 statement is guilty of a felony of the third degree.

KENTUCKY: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance 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.

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 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, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each violation.

OHIO: 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.

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 and subjects such person to criminal and civil penalties.

OKLAHOMA: 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 false, incomplete or misleading information is guilty of a felony.

The undersigned officer declares that to the best of his/her knowledge the statements included herein and any documents submitted herewith are true, accurate and complete. The undersigned further agrees that if any information supplied herein or in connection with this application changes between the date of this application and the effective date of this insurance, the undersigned will notify the Company as soon as practicable and the Company may modify any quotations or agreements to provide insurance. Any intentional misrepresentation or concealment of a material fact in this application shall be grounds for withdrawal of death of insurance coverage provided.

The information submitted herewith shall constitute a part of the insurance contract and policy issued to the named insured.

Authorized Signature (Officer)

Date

Agent's Name

Agent's Signature

Agent's License Number
(Mandatory in the State of Florida)

