

IMBA Mortgage Brokers/Agents Professional Liability

New Business Application



SECTION 1: APPLICANT INFORMATION

Please Note: All agents/brokers must be members of the IMBA in order for the brokerage to be eligible for the discounted IMBA Professional Liability insurance program.

1. Name of Licenced Brokerage: _____
(The E&O policy must be issued in the name of the licenced brokerage)

2. FSCO Brokerage Licence Number:

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3. Are you and all agents under the applicant brokerage currently members with the IMBA and in good standing? Yes No

Phone # _____ Fax # _____ Email _____

Mailing Address _____

City _____ Province _____ Postal Code _____

Website Address _____

SECTION 2: UNDERWRITING INFORMATION

1. Number of office locations: _____ Is the primary office location: Owned Leased Home-based

2. Year the mortgage brokerage firm was started: _____

3. Name of the Principal Broker : _____

4. A. Please give the following details of Mortgage Brokers/Agents working under the brokerage of as of date application was submitted:

Total Number of Mortgage Brokers/Agents: _____

*** If the number of agents exceeds the space provided below, please attach a separate sheet to this application.

Name of Brokers/Agents	Numbers of years in Practice as a Mortgage Broker

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B. Please provide details on agents who have left your company in the last 5 years (**attach a separate sheet if required**). List the name of agent, date they left the brokerage and why their employment ended. (*i.e., agent resigned, agent was dismissed, etc.*). If the agent was dismissed, indicate if any disciplinary actions were taken.

5. Has the brokerage arranged the purchase or sale of an existing mortgage on behalf of a lender in the past 24 months? Yes No

6. **Please provide the following information on Brokering Activities and Gross Revenues**

A. Average annual gross revenues earned by the brokerage over the last 5 year period or years in operation if brokerage was established within the last 5 years. (Question A does not relate to mortgage volumes) \$ _____

B. Please estimate for the current fiscal year only if the brokerage has been in operation for less than 12 months:

Mortgage Activities	Prior Year Fees/ Commissions Earned	Forecast Current Fiscal Year Fees/Commissions	Percent of Total (Current Year)
A. Types of Mortgages Arranged <i>(DO NOT ENTER MORTGAGE VOLUMES ARRANGED IN FIELDS PROVIDED; ONLY ENTER FEES / COMMISSIONS)</i>			
Residential Mortgages	\$	\$	
Construction Mortgages *	\$	\$	
Commercial or Industrial Mortgages	\$	\$	
Totals for section A <i>* NOTE – Construction mortgages should include all types of lending for construction projects. Do NOT include Residential or Commercial construction mortgages in the Residential or Commercial categories under section A.</i>	\$	\$	100% <i>(must total)</i>
B. Mortgage Funding Sources			
Mortgages placed with Institutional Lenders <i>(Banks, Trusts and others)</i>	\$	\$	
Mortgages placed with Private Lending Investment Corporations <i>(i.e., M.I.C.s & Trusts)</i>	\$	\$	
Mortgages placed with Individual Private Lenders	\$	\$	
Mortgages funded “In-house” with own and/or related company sources	\$	\$	
Totals for section B <i>NOTE: Total of section A. must match the Totals for section B.</i>	\$	\$	100% <i>(must total)</i>

7. Is your brokerage involved in arranging second or third mortgages? Yes No

If "Yes", please provide details: _____

A. Estimate the volume (i.e., total number of mortgages) of second/third mortgages arranged as a _____% percentage of the total number of mortgages arranged over the past 12 months:

B. Do you arrange second or third mortgages with private lenders? Yes No

If "No", please list the institutional lenders with whom you arranged second or third mortgages in the past 12 months:

C. Complete the following table with respect to second/third mortgages arranged:

	Estimated Number of second/third mortgages arranged	Estimated Average Value of the second/third mortgages arranged	Largest second/third mortgage arranged	% of Total Revenue Generated from Arranging second/third mortgages
Last year				
Estimated for current fiscal year				

8. Please provide the following information on Construction Mortgages

*** Please skip this question if you entered "0%" for construction mortgages in question #6.

A. If your brokerage arranged construction mortgages then please provide the funding sources utilized as an approximate percentage of the total construction mortgage volume for the brokerage:

Funding Sources	% of Volume
Institutional lenders (banks, credit unions etc.)	%
Private lenders (individuals, M.I.C.s, etc.)	%
In-house private funds (in-house broker/agent funded)	%
	100% (must total)

B. If your brokerage arranged construction mortgages then please provide the types of construction projects funded as an approximate percentage of the total construction mortgage volume for the brokerage:

Project Type Being Funded	% of Volume
Individual mortgagors for their own occupancy or property development purposes	%
Property Developers for Marketing Purposes – Individual residential units	%
Property Developers for Marketing Purposes - Multiple unit residential (i.e., subdivisions or condos) or commercial	%
	100% (must total)

- C. Is the lender always responsible for making the decision to advance funds to the borrower? Yes No
If "No", please explain who has the authority to advance funds on behalf of the lender:

- D. Are you responsible for the site visits before releasing the funds or advising the lender to release the funds? Yes No

If "Yes", please complete the following:

- a. Provide the details on how the site visits are conducted: _____

- b. Do you keep a record of all the correspondence with the Lender regarding your site visits? Yes No

- c. If "No", give us the reasons why records are not maintained: _____

9. **Please provide the following information on Private Mortgages.**

***** Please skip question #9 to question #14 if you entered "0%" for private mortgages in question #6.**

- Is your brokerage or any Mortgage broker/agent involved in the arrangement of Investors into a mortgage fund (i.e., Mortgage Investment Corporation, trust or syndicate) managed by the brokerage? Yes No

- A. If "Yes", provide the revenues generated from managing/administering the fund: \$ _____

- B. If "Yes", please also provide the total asset size of the mortgage fund: \$ _____

Please Note: Arranging or placing investors into a mortgage fund is NOT a Professional Service covered under this policy.

10. **Please provide the details on how mortgages are placed with third party private lenders through your brokerage:**

- A. Do you ever represent individual private lenders when arranging mortgages? Yes No
(Answering "No" means you only represent the borrowers in the transaction)

If you answered "Yes" to question A, please answer the following:

- I. Do you solicit the private lenders for arranging funds for the borrower? Yes No

- II. Do private lenders approach the mortgage brokerage for the placement of their funds into mortgages? Yes No

- III. Are all applications verified for accuracy and correctness when arranging mortgages through individual private lenders? Yes No

If "No", please give us the reasons for not verifying: _____

- B. Are the risks associated with lending explained to the private lender, if the mortgage broker/agent approaches the private lender to fund mortgages? Yes No

11. Do you obtain a signed FSCO Investor/Lender Disclosure Statement between you and the private lender(s) for each private mortgage arranged through the brokerage? Yes No

12. Have you or any of the Mortgage brokers/agents been granted authority by any lender to fund mortgages on their behalf without receiving final approval from the lender? Yes No

If "Yes", please provide the details of the relationship with the lender: _____

13. Does your firm conduct any in-house appraisals of property? Yes No

- A. If "Yes", explain under what circumstances you conduct an in-house appraisal instead of using a third party appraiser?

14. Is the private lender always responsible for making the decision to advance funds to the borrower? Yes No

- A. If "No", please give us the full details on the due diligence you perform prior to advising the private lender to release their funds to the borrower: _____

15. Please provide the following details about your business:

- A. Does your company have any business operations in the USA? Yes No

***** If "Yes", please note that US operations are not covered under this policy. Contact LMS PROLINK if you wish to further discuss your US operations.**

- B. Are you or any Mortgage broker/agent involved in any other professional activity other than Mortgage Brokering? Yes No

***** If "Yes", please note that you or any Mortgage Broker/Agent under this policy is NOT covered for any liability for any Profession other than as a licenced Mortgage broker/agent.**

16. Please complete the following checklist by selecting either "Yes" or "No":

Mortgage Brokerage Procedures	Yes	No
A. Have you been fully audited by the Financial Services Commission of Ontario? (This question is NOT referring solely to an E&O audit completed by FSCO each year)	<input type="checkbox"/>	<input type="checkbox"/>
B. If you have been audited by FSCO, were you in compliance with the MBLA Act?	<input type="checkbox"/>	<input type="checkbox"/>
C. If you answered "No" in question B, have you implemented the FSCO audit requirements in order to ensure compliance with the MBLA Act?	<input type="checkbox"/>	<input type="checkbox"/>
D. Do you have an office procedural manual?	<input type="checkbox"/>	<input type="checkbox"/>
E. Do you have a brokerage trust account?	<input type="checkbox"/>	<input type="checkbox"/>
F. If "Yes" to question "E", do mortgage funds ever go through the brokerage trust account?	<input type="checkbox"/>	<input type="checkbox"/>
G. Do you perform a background check before hiring an agent?	<input type="checkbox"/>	<input type="checkbox"/>
H. Do you conduct any training for the agents?	<input type="checkbox"/>	<input type="checkbox"/>

17. What type of client file system does your brokerage utilize?

- Hardcopy File System (i.e., paper based)
- Electronic Mortgage Origination System (i.e., Filogix, MorWEB etc.)
- Other: _____

18. During the past three years, are you, your employees or any of your agents aware of any circumstance, allegation, contention or incident which may potentially result in a claim for an error or omission in the performance of a professional service being made against your entity, you, any mortgage broker or agent or employee present or past associated or working with your entity? Yes No

If "Yes", please attach an additional page with full details including the date of the claim or allegation.

19. Have you or any of the Mortgage Brokers or Agents under the applicant:

- A. Had their licence suspended or terminated by a regulatory authority? Yes No
- B. Ever been called before an investigative committee for disciplinary proceedings for professional misconduct by a professional society/board or any statutory registration board? Yes No
- C. Been censured or fined by a regulatory authority? Yes No

If you've answered "Yes", to any of these questions, please attach an additional page with full details including dates.

20. Are there any E&O losses paid or outstanding in the last 3 years against the brokerage, the broker or any agent of the company? Yes No

If "Yes", please give all details along with the amount of claim: _____

21. Please provide the names of the applicant's Errors and Omissions Insurers and the policy limits for the last five (5) years:

Name of Insurer	Name of insured brokerage	Policy Expiration Date	Limit	Each Claim Deductible	Each Claim Premium
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$

22. **Limits Requested:**
- \$ 500,000 per claim/ \$1 million aggregate
 - \$1 million per claim/ \$1 million aggregate
 - \$1 million per claim/ \$2 million aggregate
 - \$2 million per claim/ \$2 million aggregate
 - \$2 million per claim / \$4 million aggregate
 - Other (please specify): _____

- Deductible Opted For:**
- \$1,000
 - \$2,500 (IMBA Standard)
 - \$5,000
 - \$10,000

SECTION 3: INSURANCE & LOSS HISTORY INFORMATION

1. Do you currently maintain a Commercial Office insurance policy? Yes No
 Are you interested in receiving a Commercial Office insurance quote under the IMBA program? Yes No

***** If "Yes", please also answer question # 2 to question #4. If "No", please move to the last section of this application.**

2. Current Insurer: _____ Premium: _____ Policy #: _____
 Basic Contents Limit of Coverage: _____ CGL Limit: _____ Expiry Date: _____

3. Has any insurer ever declined or cancelled any coverage, for you or your entity in the past? Yes No
 If "yes" please provide details: _____

4. Commercial Insurance Policy loss history for past 3 years, please provide details below: (Attach Additional Page(s) if Necessary)

Year	Insurer	Loss Detail(s)	Number of Loss(es)	Total Amount(s) Paid

Important Notice to Applicant

This is an application for insurance and the insurer is **not** obligated to accept the applicant for coverage. If a policy is issued, one signed copy of the application will be attached to the policy or certificate. Signature on the application form and submission of a premium payment does not bind the insurer to complete an insurance transaction with the applicant. This policy provides Errors and Omissions insurance that applies on a claims-made basis. The following provides a general description of this coverage and is subject to the terms and provisions of the actual policy.

- A. The policy will not cover any losses from incidents which take place before the Retroactive Date, if any, or after the expiration of the policy period (subject to the Extended Reporting Period provision).
- B. The policy will provide coverage for losses from incidents which take place on or after the Retroactive Date, if any, but before the beginning of the policy period only if the insured did not know of the incident before the beginning of the policy period.
- C. The policy will not cover any loss for which a claim is first made after:
 - 1. The expiration of the policy period or its earlier termination date, if any; or
 - 2. The Extended Reporting Period if any and then only in accordance with the terms described in the policy.
- D. The policy will only cover claims which are first made:
 - 1. During the policy period; or
 - 2. During an Extended Reporting Period if any and then only in accordance with the terms and conditions described in the Extended Reporting Period Section of the policy.
- E. Please request a copy of the Policy and review the terms and conditions to obtain more information.
- F. The limits for Defense Costs are included in the policy limit except where the laws of the province of Quebec apply.
- G. This policy will not cover you or any of your agents for mortgage brokering services provided in a province where they are not licenced to practice as a mortgage broker or agent.
- H. Please ensure that a FSCO approved "Disclosure to Borrower" form is collected from each of your mortgagors by any person working under your brokerage, before arranging the mortgage for the client. This would be a condition mandatory to this insurance.

Disclosure and Consent

As part of my application for insurance I consent to the collection and use of personal information required for purposes of considering my application for errors and omissions insurance by the insurer Echelon General Insurance Company and the authorized insurance broker, LMS PROLINK Ltd . The insurer and the broker are authorized to collect, use, and disclose personal information and provide such personal information to third parties, as required for the purpose of underwriting this application for insurance, as permitted by the relevant provincial and federal privacy laws or other applicable laws. The privacy policy of Echelon General Insurance can be viewed at the website www.echelon-insurance.ca.

I understand that at any time I may ask to review the personal information pertaining to my application for insurance and the insurer and broker will be obligated to provide me with any information I am entitled to receive under the relevant provincial and federal privacy laws or other applicable laws.

I have reviewed the information in this Application, gathered information from all partners/directors/ officers/ employees/agents under this entity whether present or prior regarding their knowledge or awareness any error, omission or negligent act in the performance of professional services for others.

The Claim Information Forms, if any, that are attached to this Application include the details of:

- A.** All fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against the us (the Applicant);
- B.** All fact situations and incidents which have occurred in the past and which may reasonably be expected to result in a claim, suit or arbitration against us (the applicant) in the future. All such claims, suits and incidents have been reported to our (Applicants) current or prior insurer(s). It is understood and agreed that all such claims, suits, arbitrations, fact situations and incidents will be excluded from coverage under any policy issued by the Company.

It is understood and agreed that failure to provide true and complete response to any of the questions, statements or request for information in this Application or to provide any other information material to this Application may, at the sole option of the Company, result in the voiding of the insurance policy issued in reliance on this Application and /or denial of coverage for specific claims asserted against us (the Applicant) or any other insured under the policy. The undersigned on behalf of Applicant and all other insured under any this policy issued by the Company, hereby waives any defence to an action by the Company for recession of such policy based upon misrepresentation of fact or failure to disclose material information in connection with this Application. Applicant agrees to hold the Company harmless from all loss as a result of any such misrepresentation or failure to disclose, including, without limitation, all costs and attorney fees incurred by the Company in connection with said action for rescission.

I HEREBY DECLARE that the above statements and particulars are true to the best of my knowledge, that I have not suppressed or misstated any facts and I agree that this application shall form part of the insurance policy. I also acknowledge that I am obligated to report any changes that could affect the disclosures in this application that occur after the date of signature, but prior to the effective date of coverage.

Applicant's Signature: _____

Name (please print): _____

Date: _____

Check this box to confirm that you are authorized to complete the renewal application on behalf of the mortgage brokerage.

PLEASE CONTACT ANDREW SPENCER AT LMS PROLINK IF YOU ARE HAVING ANY DIFFICULTY WITH THIS APPLICATION.

Andrew Spencer:
Phone: 800-663-6828 x 7715
Fax: 416-595-1649
Email: ANDREWS@LMS.CA