Filing at a Glance

Companies: American Zurich Insurance Company, American Guarantee and Liability Insurance Company, Colonial American Casualty & Surety Company, Fidelity and Deposit Company of Maryland, Zurich American Insurance Company of Illinois, Zurich American Insurance Company

Product Name: Mortgage Bankers Select Bond	SERFF Tr Num: ZURC-125290340	State: Arkansas
TOI: 23.0 Fidelity	SERFF Status: Closed	State Tr Num: AR-PC-07-026072
Sub-TOI: 23.0000 Fidelity	Co Tr Num: CW-FD-26537	State Status:
Filing Type: Form	Co Status: Not Applicable	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Author: Roderick Veranga	Disposition Date: 09/19/2007
	Date Submitted: 09/13/2007	Disposition Status: Approved
Effective Date Requested (New): On Approval		Effective Date (New): 09/19/2007
Effective Date Requested (Renewal): On Approval		Effective Date (Renewal): 09/19/2007

General Information

Project Name:	Status of Filing in Domicile: Pending
Project Number:	Domicile Status Comments:
Reference Organization: N/A	Reference Number: N/A
Reference Title: N/A	Advisory Org. Circular: N/A
Filing Status Changed: 09/19/2007	
State Status Changed: 09/13/2007	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

Dear Reviewer:

In accordance with the filing requirements of your state, we have enclosed for your review and approval the appropriate filing memorandum, forms, and transmittals in support of our Mortgage Bankers Select Bond.

The Fidelity and Deposit Companies have designed this new product called the Mortgage Bankers Select Bond to meet the needs of those involved in mortgage banking.

We request an implementation date of the earliest effective date permissible.

Should you have any questions regarding this filing, please feel free to contact me.

Sincerely,

Roderick Veranga

Business Analyst

Regulatory Services

Phone: (847) 413-3054

Fax: (847) 605-7768

Email: roderick.veranga@zurichna.com

Company and Contact

Filing Contact Information

Roderick Veranga, Business Analyst	roderick.veranga@zurichna.com	
1400 American Lane	(847) 413-3054 [Phone]	
Schaumburg, IL 60196	(847) 605-7768[FAX]	

Filing Company Information

American Zurich Insurance Company	CoCode: 40142	State of Domicile: Illinois
1400 American Lane	Group Code: 212	Company Type:
Schaumburg, IL 60196	Group Name:	State ID Number:
(847) 605-6000 ext. [Phone]	FEIN Number: 36-3141762	

American Guarantee and Liability Insurance Company	CoCode: 26247	State of Domicile: New York
1400 American Lane	Group Code: 212	Company Type:
Schaumburg, IL 60196	Group Name:	State ID Number:
(847) 605-6000 ext. [Phone]	FEIN Number: 36-6071400	

Colonial American Casualty & Surety Company	CoCode: 34347	State of Domicile: Maryland

1400 American Lane Schaumburg, IL 60196 (847) 605-6000 ext. [Phone]	Group Code: 212 Group Name: FEIN Number: 52-1096670 ---	Company Type: State ID Number:
Fidelity and Deposit Company of Maryland 1400 American Lane Schaumburg, IL 60196 (847) 605-6000 ext. [Phone]	CoCode: 39306 Group Code: 212 Group Name: FEIN Number: 13-3046577 ---	State of Domicile: Maryland Company Type: State ID Number:
Zurich American Insurance Company of Illinois 1400 American Lane Schaumburg, IL 60196 (847) 605-6000 ext. [Phone]	CoCode: 27855 Group Code: 212 Group Name: FEIN Number: 36-2781080 ---	State of Domicile: Illinois Company Type: State ID Number:
Zurich American Insurance Company 1400 American Lane Schaumburg, IL 60102 (847) 605-6000 ext. [Phone]	CoCode: 16535 Group Code: 212 Group Name: FEIN Number: 36-4233459 ---	State of Domicile: New York Company Type: State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	$50.00
Retaliatory?	No
Fee Explanation:	$50 per form filing
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Zurich American Insurance Company	$50.00	09/13/2007	15601622
American Guarantee and Liability Insurance Company	$0.00	09/13/2007	
Zurich American Insurance Company of Illinois	$0.00	09/13/2007	
Colonial American Casualty & Surety Company	$0.00	09/13/2007	
Fidelity and Deposit Company of Maryland	$0.00	09/13/2007	
American Zurich Insurance Company	$0.00	09/13/2007	

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	09/19/2007	09/19/2007

Disposition

Disposition Date: 09/19/2007
Effective Date (New): 09/19/2007
Effective Date (Renewal): 09/19/2007
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings	
Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number:	*ZURC-125290340*	*State:*	*Arkansas*
First Filing Company:	*American Zurich Insurance Company, ...*	*State Tracking Number:*	*AR-PC-07-026072*
Company Tracking Number:	*CW-FD-26537*		
TOI:	*23.0 Fidelity*	*Sub-TOI:*	*23.0000 Fidelity*
Product Name:	*Mortgage Bankers Select Bond*		
Project Name/Number:	*/*		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover Letter and Filing Memorandum	Approved	Yes
Form	Mortage Bankers Select Bond	Approved	Yes
Form	Declarations	Approved	Yes
Form	Table of Limits of Liability and Deductible Amounts	Approved	Yes
Form	Cancel Existing Rider	Approved	Yes
Form	Change of Name of Address	Approved	Yes
Form	Delete Restoration	Approved	Yes
Form	Named Insured	Approved	Yes
Form	Noncancelable	Approved	Yes
Form	Discovery Period	Approved	Yes
Form	Coinsurance	Approved	Yes
Form	Amend Bond Period	Approved	Yes
Form	Retroactive Date	Approved	Yes
Form	Retroactive Date - Joint Insured	Approved	Yes
Form	Retroactice Date - Consolidation, Merger, Purchase	Approved	Yes
Form	Delete EDP	Approved	Yes
Form	Investor Loss Payee	Approved	Yes
Form	Amend Notice of Cancellation	Approved	Yes
Form	Annual Aggregate	Approved	Yes
Form	Change Bond-Policy Number	Approved	Yes
Form	Premium Rider	Approved	Yes
Form	Arkansas Amendatory	Approved	Yes

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type	Action	Action Specific Data	Readability	Attachment
Approved	Mortage Bankers Select Bond	U-FIB-0007-A CW	06/07	Bond	New		0.00	U-FIB-0007-A CW MBSB _Base Coverage Form_.pdf
Approved	Declarations	U-FIB-D-0007-A CW	06/07	Declarations/Schedule	New		0.00	sCW U-FIB-D-0007-A CW Declarations - MBSB_Endorsement_.pdf
Approved	Table of Limits of Liability and Deductible Amounts	U-FIB-0008-A CW	06/07	Declarations/Schedule	New		0.00	sCW U-FIB-0008-A CW Table of Limits of Liability and Deductible Amount.pdf
Approved	Cancel Existing Rider	U-FIB-1001-B CW	06/07	Endorsement/Amendment/Conditions	Replaced	Replaced Form #: U-FIB-1001-A CW Previous Filing #:	0.00	sCW U-FIB-1001-B CW Cancel Existing Rider.pdf
Approved	Change of Name of Address	U-FIB-1002-B CW	06/07	Endorsement/Amendment/Conditions	Replaced	Replaced Form #: U-FIB-1002-A CW Previous Filing #:	0.00	sCW U-FIB-1002-B Change of Name or Address.pdf
Approved	Delete Restoration	U-FIB-1007-B CW	06/07	Endorsement/Amendment/Conditions	Replaced	Replaced Form #: U-FIB-1007-A CW Previous Filing #:	0.00	sCW U-FIB-1007-B CW Delete Restoration.

							pdf
Approved	Named Insured	U-FIB-1009-B CW	06/07	Endorsement/Amendment/Conditions	Replaced Replaced Form #: U-FIB-1009-A CW Previous Filing #:	0.00	sCW U-FIB-1009-B CW Named Insured.pdf
Approved	Noncancelable	U-FIB-1010-B CW	06/07	Endorsement/Amendment/Conditions	Replaced Replaced Form #: U-FIB-1010-A CW Previous Filing #:	0.00	sCW U-FIB-1010-B CW Noncancelable.pdf
Approved	Discovery Period	U-FIB-1024-B CW	06/07	Endorsement/Amendment/Conditions	Replaced Replaced Form #: U-FIB-1024-A CW Previous Filing #:	0.00	sCW U-FIB-1024-B CW Discovery Period _FISB,MBSB_.pdf
Approved	Coinsurance	U-FIB-1027-B CW	06/07	Endorsement/Amendment/Conditions	Replaced Replaced Form #: U-FIB-1027-A CW Previous Filing #:	0.00	sCW U-FIB-1027-B CW Coinsurance.pdf
Approved	Amend Bond Period	U-FIB-1034-B CW	06/07	Endorsement/Amendment/Conditions	Replaced Replaced Form #: U-FIB-1027-A CW Previous Filing #:	0.00	sCW U-FIB-1034-B CW Amend Bond Period.pdf
Approved	Retroactive Date	U-FIB-1041-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1041-A CW Retroactive Date.pdf
Approved	Retroactive Date - Joint Insured	U-FIB-1042-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1042-A CW Retro Date - Joint Insured.pdf
Approved	Retroactice Date - Consolidation, Merger, Purchase	U-FIB-1043-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1043-A CW Retro Date - Consol, Merger etc.pdf

Approved	Delete EDP	U-FIB-1044-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1044-A CW Delete EDP.pdf
Approved	Investor Loss Payee	U-FIB-1046-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1046-A CW Investor Loss Payee.pdf
Approved	Amend Notice of Cancellation	U-FIB-1047-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1047-A CW Notice of Cancellation Amended.pdf
Approved	Annual Aggregate	U-FIB-1048-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	sCW U-FIB-1048-A CW Annual Aggregate.pdf
Approved	Change Bond-Policy Number	F270-A CW	06/07	Endorsement/Amendment/Conditions	Replaced	Replaced Form #: F270-A CW 06/05 Previous Filing #: 0.00	sCW F270-A Change Bond-Policy Number.pdf
Approved	Premium Rider	U-FIB-1049-A CW	06/07	Endorsement/Amendment/Conditions	New	0.00	CW U-FIB-1049-A CW Premium Rider.pdf
Approved	Arkansas Amendatory	U-FIB-2041-A AR	06/07	Endorsement/Amendment/Conditions	New	0.00	sAR U-FIB-2041-A AR Amendatory.pdf

The Underwriter, in consideration of an agreed premium, and in reliance upon all statements made and information furnished to the Underwriter by the Insured in applying for this bond, and subject to the Declarations, Insuring Agreements, General Agreements, Conditions and Limitations and other terms hereof, agrees to indemnify the Insured for:

INSURING AGREEMENTS

(A) FIDELITY

(1) Loss resulting directly from

(a) **theft** by an **employee** acting alone or in collusion with others, or

(b) any other dishonest or fraudulent acts committed by an **employee** acting alone or in collusion with others, with the manifest intent:

(i) to cause the Insured to sustain such loss; and

(ii) to obtain improper financial benefit for the **employee** or another person or entity intended by the **employee** to receive such improper financial benefit, or

(2) Loss resulting directly from dishonest or fraudulent acts committed by an **attorney** or **loan closing agent** acting alone or in collusion with others, while such **attorney** or **loan closing agent** is in the course of performing loan services in connection with a **real estate loan** originated or acquired by the Insured and which dishonest or fraudulent acts were committed by such **attorney** or **loan closing agent** with the manifest intent:

(a) to cause the Insured to sustain such loss; and

(b) to obtain improper financial benefit for such **attorney** or **loan closing agent** and which, in fact, results in obtaining such benefit.

For purposes of this Insuring Agreement, improper financial benefit does not include any employee benefits earned in the normal course of employment, including but not limited to: salaries, commissions, fees, bonuses, promotions, awards, profit sharing, or pensions.

(B) ON PREMISES

(1) Loss of **property** or **real estate documents** resulting directly from

(a) burglary, robbery, hold-up or larceny committed by one or more persons present in an office or premises of the Insured, or

(b) mysterious unexplainable disappearance, or

(c) being damaged, destroyed or misplaced howsoever or by whosoever caused,

while such **property** or **real estate documents** are lodged or deposited within

(i) any of the Insured's offices or premises covered under this bond, or

(ii) offices of any financial institutions, or

(iii) any premises where the Insured leases safe deposit boxes.

(2) Loss or damage to

(a) furnishings, fixtures, supplies or equipment within an office or premises of the Insured covered under this bond resulting directly from larceny or theft in, or by burglary or robbery of, such office or premises, or attempt thereat, or by vandalism or malicious mischief, or

(b) such office or premises resulting from larceny or theft in, or by burglary or robbery of such office or premises or attempt thereat, or to the interior of such office or premises by vandalism or malicious mischief,

provided that

(i) the Insured is the owner of such furnishings, fixtures, supplies, equipment, or office or premises or is liable for such loss or damage, and

(ii) the loss or damage is not caused by fire, or

(3) Loss of **real estate documents** belonging to others resulting directly from fire while the Insured is acting as document custodian for said documents.

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(C) IN TRANSIT

(1) Loss of **property** or **real estate documents** resulting directly from robbery, common-law or statutory larceny, misplacement, mysterious unexplainable disappearance, being lost, misappropriated or made away with, and damage thereto or destruction thereof, while the **property** or **real estate documents** are in transit anywhere in the custody of

(a) a natural person acting as a messenger of the Insured (or another natural person acting as messenger or custodian during an emergency arising from the incapacity of the original messenger), or

(b) an armored motor vehicle company,

such transit to begin immediately upon the receipt of such **property** or **real estate documents** from the Insured or the **document custodian** and ends immediately upon delivery to the designated recipient or its agent.

(2) Loss of **real estate documents** resulting directly from robbery, common-law or statutory larceny, misplacement, mysterious unexplainable disappearance, being lost, misappropriated or made away with, and damage thereto or destruction thereof, while in transit anywhere in the custody of a **transportation company**, including U.S. Postal Express Mail Next Day Service, such transit to begin immediately upon the receipt of such **real estate documents** from the Insured or the **document custodian** and ends immediately upon delivery to the designated recipient or its agent.

(D) FORGERY OR ALTERATION

Loss resulting directly from **forgery** on, or **fraudulent alteration** of, on, or in any **negotiable instruments** (except registered or bearer obligations) made or drawn by or drawn upon the Insured, or made or drawn by one acting as agent of the Insured, or purporting to have been made as herein before set forth.

For purposes of this Insuring Agreement, mechanically reproduced facsimile signatures shall be treated the same as handwritten signatures.

(E) FORGED DOCUMENTS

Loss resulting directly from

(1) the Insured having in good faith relied upon an original mortgage, trust deed, note or title insurance policy received by the Insured in connection with a **real estate loan**

(a) originated by the Insured, or

(b) originated by a person other than the Insured and purchased by the Insured, or

(c) prepared, directly funded and closed by a person other than the Insured in the name of the Insured,

which **real estate loan** is held by the Insured for its own account; and which original mortgage, trust deed, note or title insurance policy contains

(i) a **forgery**, or

(ii) a **fraudulent alteration**, or

(2) the Insured being legally liable to repurchase a **real estate loan** from an **investor** or indemnify an **investor** as the direct result of a **forgery** or **fraudulent alteration** of, on or in

(a) any original **real estate documents** received by the Insured in connection with a **real estate loan** originated by the Insured, or

(b) any original mortgage, trust deed, note or title policy received by the Insured in connection with a **real estate loan** originated by a person other than the Insured and purchased by the Insured or prepared, directly funded and closed by a person other than the Insured in the name of the Insured, or

(3) the Insured having, in good faith, for its own account or for the account of others, acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of, any original **certificated security**, **evidence of debt**, **certificate of origin or title**, corporate, partnership or personal **guarantee**, or **security agreement** which contains

(a) a **forgery** of any maker, drawer, issuer, endorser, assignor, lessee, acceptor, surety, guarantor, or of any person signing in any other capacity, or

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(b) a **fraudulent alteration**, or

(4) the Insured having acquired, sold or delivered, or given value, extended credit or assumed liability on the faith of any item listed in (3) (a) above which is a **counterfeit**.

For purposes of this Insuring Agreement, mechanically reproduced facsimile signatures shall be treated the same as handwritten signatures.

Special Condition:

It is agreed that as a condition precedent to coverage under this Insuring Agreement that the Insured made or purchased the **real estate loan** and acquired the items listed in (1) or (2) above in good faith and in the ordinary course of its business and that there was actual physical possession of the said items by the person closing the **real estate loan** at the time of the closing and by the Insured at the time of the acquisition of said **real estate loan**. With respect to the items listed in (3) above, actual physical possession of said items by the Insured at the time it acts upon said items is a condition precedent to recovery under the bond. Physical possession must be continuous up to and including the time the loss is discovered.

(F) COUNTERFEIT MONEY

Loss resulting directly from the receipt by the Insured, in good faith, of any **counterfeit money** of the United States of America, Canada or of any other country in which the Insured maintains a branch office.

(G) FRAUDULENT MORTGAGES

Loss resulting directly from the Insured's having, in good faith and in the ordinary course of the Insured's mortgage banking business in connection with any **real estate loan**, accepted or received or acted upon the faith of any real property mortgages, real property deeds of trust or like instruments pertaining to realty or assignments of such mortgages, deeds of trust or instruments which prove to have been defective by reason of the signature thereon of any person having been obtained through trick, artifice, fraud or false pretenses or the signature on the recorded deed conveying such real property to the mortgagor or grantor of such mortgage or deed of trust having been obtained by or on behalf of such mortgagor or grantor through trick, artifice, fraud or false pretenses.

(H) COMPUTER SYSTEMS FRAUD

Loss resulting directly from a fraudulent

(1) entry of **electronic data** or **computer program** into, or

(2) change of **electronic data** or **computer program** within

any **computer system** operated by the Insured, whether owned or leased, or any **computer system** identified in the application for this bond, or a **computer system** first used by the Insured during the Bond Period, as provided by General Agreement B,

provided that the entry or change causes

(a) **property** to be transferred, paid or delivered, or

(b) an account of the Insured, or of its customer, to be added, deleted, debited or credited, or

(c) an unauthorized account or a fictitious account to be debited or credited.

For purposes of this Insuring Agreement, fraudulent entry or change shall include such entry or change made by an **employee** of the Insured acting in good faith

(i) on an instruction from a software contractor who has a written agreement with the Insured to design, implement or service programs for a **computer system** covered by this Insuring Agreement, or

(ii) on an instruction transmitted by **tested** telex or similar means of **tested** communication (except a **telefacsimile device**) identified in the application for this bond purportedly sent by a customer, financial institution or automated clearing house.

(I) DATA PROCESSING SERVICE OPERATIONS

Loss sustained by a client of the Insured resulting directly from a fraudulent

(1) entry of **electronic data** or a **computer program** into, or

(2) change of **electronic data** or a **computer program** within any **computer system** covered under the terms of Insuring Agreement **(**H**)**, or

(3) entry or change of **electronic data** during electronic transmission or physical transit from the

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Insured to its client,

provided that the entry or change causes

(a) **property** to be transferred, paid or delivered, or

(b) an account of the client, or a customer of the client, to be added, deleted, debited or credited, or

(c) an unauthorized account or a fictitious account to be debited or credited,

and for which loss the Insured is legally liable to the client as a provider of data processing services for such client.

For purposes of this Insuring Agreement, fraudulent entry or change shall include such entry or change made by an **employee** of the Insured acting in good faith

(i) on an instruction from a software contractor who has a written agreement with the Insured to design, implement or service programs for a **computer system** covered by this Insuring Agreement, or

(ii) on an instruction transmitted by **tested** telex or similar means of **tested** communication (except a **telefacsimile device**) identified in the application for this bond purportedly sent by a customer, financial institution or automated clearing house.

For purposes of this Insuring Agreement, client means an entity for whom the Insured serves as data processor under the terms of a written agreement.

(J) VOICE INITIATED TRANSFER FRAUD

Loss resulting directly from the Insured having, in good faith, transferred funds from a customer's account through a **computer system** covered under the terms of Insuring Agreement (H) in reliance upon a fraudulent voice instruction transmitted by telephone which purported to be from

(1) an officer, director, partner or employee of a customer of the Insured who was authorized by the customer to instruct the Insured to make such transfer, or

(2) a natural person who is a customer of the Insured, or

(3) an **employee** of the Insured in another office or premises of the Insured who was authorized by the Insured to instruct other **employees** of the Insured to transfer funds,

and was received by an **employee** of the Insured specifically designated to receive and act upon such instructions, but the voice instruction was not from a person described in (1), (2) or (3) above,

provided that

(a) such voice instruction was documented, the documentation was signed by the **employee** receiving the instruction, required password(s) or code word(s) were given, and

(b) if the transfer was in excess of the amount shown in the Table of Limits of Liability and Deductible Amounts as the verification callback amount for this Insuring Agreement, the voice instruction, if other than a **repetitive transfer instruction**, was verified by a callback from a different **employee** according to a prearranged procedure and the callback was documented and signed by such **employee**.

For purposes of this Insuring Agreement, customer means an entity or individual which has a written agreement with the Insured authorizing the Insured to rely on voice instructions to initiate transfers and has provided the Insured with the names of persons authorized to initiate such transfers, and with which the Insured has established an instruction verification mechanism, and funds means **money** on deposit in an account.

(K) TELEFACSIMILE TRANSFER FRAUD

Loss resulting directly from the Insured having, in good faith, transferred or delivered funds, **certificated securities** or uncertificated securities through a **computer system** covered under the terms of Insuring Agreement (H) in reliance upon a **tested** telefacsimile instruction received through a telefacsimile device, and which instruction purports and reasonably appears to have originated from

(1) a customer of the Insured, or

(2) another financial institution, or

(3) another office or premises of the Insured,

and which contains the name and signature of a person authorized to initiate such transfers, but which,

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in fact proves to have been fraudulently sent without the authorization and knowledge of the customer or entity whose identification it bears, provided that, if the transfer was in excess of the amount shown in the Table of Limits of Liability and Deductible Amounts as the verification callback amount for this Insuring Agreement, the instruction, if other than a **repetitive transfer instruction,** was verified by a callback according to a prearranged procedure.

For purposes of this Insuring Agreement, customer means an entity or individual which has a written agreement with the Insured authorizing the Insured to rely on telefacsimile device instructions to initiate transfers and has provided the Insured with the names of persons authorized to initiate such transfers, and with which the Insured has established an instruction verification mechanism, and funds means **money** on deposit in an account.

(L) DESTRUCTION OF DATA OR PROGRAMS BY HACKER

Loss resulting directly from the malicious destruction of, or damage to, **electronic data** or **computer programs** owned by the Insured or for which the Insured is legally liable while stored within a **computer system** covered under the terms of Insuring Agreement (H).

The liability of the Underwriter shall be limited to the cost of duplication of such **electronic data** or **computer programs** from other **electronic data** or **computer programs** which shall have been furnished by the Insured.

In the event, however, that destroyed or damaged **computer programs** cannot be duplicated from other **computer programs**, the Underwriter will pay the cost incurred for computer time, computer programmers, consultants or other technical specialists as is reasonably necessary to restore the **computer programs** to substantially the previous level of operational capability.

(M) DESTRUCTION OF DATA OR PROGRAMS BY VIRUS

Loss resulting directly from the malicious destruction of, or damage to, **electronic data** or **computer programs** owned by the Insured or for which the Insured is legally liable while stored within a **computer system** covered under the terms of Insuring Agreement (H) if such destruction or damage was caused by a **computer program** or similar instruction which was written or altered to incorporate a hidden instruction designed to destroy or damage **electronic data** or **computer programs** in the **computer system** in which the **computer program** or instruction so written or so altered is used.

The liability of the Underwriter shall be limited to the cost of duplication of such **electronic data** or **computer programs** from other **electronic data** or **computer programs** which shall have been furnished by the Insured.

In the event, however, that destroyed or damaged **computer programs** cannot be duplicated from other **computer programs**, the Underwriter will pay the cost incurred for computer time, computer programmers, consultants or other technical specialists as is reasonably necessary to restore the **computer programs** to substantially the previous level of operational capability.

Special Condition:

For purposes of this Insuring Agreement, loss means all covered costs incurred by the Insured between the time destruction or damage is discovered and the time the **computer system** is restored to substantially the previous level of operational capability. Recurrence of destruction or damage after the **computer system** is restored shall constitute a separate loss.

(N) CLAIMS EXPENSE

Reasonable expenses incurred by the Insured by reason of the Insured having retained, with the prior approval of the Underwriter, independent outside accountants or other non-legal experts to determine the amount and extent of loss covered and paid under any of the Insuring Agreements or Coverages provided by this bond, except Insuring Agreement (O).

(O) THEFT OF SECONDARY MARKET INSTITUTION'S MONEY OR COLLATERAL

Loss by reason of a claim first made against the Insured during the Bond Period by any **secondary market institution** for the direct financial loss sustained by said **secondary market institution** as the direct result of **theft** by any partner, **sole proprietor**, **major shareholder,** trustee or director who is not an **employee** of the Insured, whether committed alone or in collusion with others including an **employee**, of

(1) **money** deposited or actually received by the Insured and required to be deposited in a **custodial account** by the Insured which **money**

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(a) was deposited with or paid to the Insured by said **secondary market institution** for the purpose of purchasing a **real estate loan** for said **secondary market institution**, or

(b) was collected or received by the Insured for said **secondary market institution** in connection with a **real estate loan** which the Insured is servicing for said **secondary market institution**, or

(2) **collateral** held by the Insured for

(a) a **secondary market institution** in connection with a **real estate loan** but which **collateral** has been fraudulently pledged or sold to another person(s) or entity(ies), or

(b) another person(s) or entity(ies) in connection with a **real estate loan** but which **collateral** has been fraudulently pledged or sold to a **secondary market institution**

provided, however, that the Insured is held to be legally liable to said **secondary market institution** for the loss of such **money** or **collateral**.

Special Conditions:

Secondary Market Institution Requirements

It is agreed that as a condition precedent to coverage under this Insuring Agreement that

(1) the **secondary market institution** shall require an annual audit by way of the Uniform Single Attestation Program for Mortgage Bankers or otherwise of the **custodial account** by a firm of independent outside accountants and such Institution shall verify that said audit has been conducted, and

(2) the **secondary market institution** shall require that at the earliest practicable moment the Insured deliver the note and an executed and recordable assignment of the mortgage by the current record holder thereof to either the **secondary market institution** or a **document custodian** approved and designated by the **secondary market institution** (which document custodian may be the Insured if the Insured meets the **secondary market institution's** requirements for lenders permitted to hold notes on behalf of the **secondary market institution**) or the Insured identifies said note as a note in which the **secondary market institution** has an interest, and

(3) the **secondary market institution** shall have maintained its customary quality control procedures with respect to the Insured.

Failure of the Insured to comply with these requirements by a **secondary market institution** shall not void the coverage under this Insuring Agreement provided that the **secondary market institution** has used its best efforts to verify that the Insured is complying with said requirements.

Right of Action by Insured or Secondary Market Institution

It is agreed that as a condition precedent to coverage under this Insuring Agreement that

If a **secondary market institution** makes a claim against the Insured during the Bond Period and the Insured fails to give written notice pursuant to Section 5., then the **secondary market institution** is required to give written notice of such claim at the earliest practicable moment but in no event later than 90 days following the date such claim was made against the Insured, and said **secondary market institution** shall furnish to the Underwriter proof of loss as provided in Section 5.(b) of this bond and shall comply with Section 5.(d) of this bond.

If the Insured makes a claim under Insuring Agreement (O), whether before or after the **secondary market institution** has made a claim, then the **secondary market institution's** right to pursue such claim shall accrue only if the Insured fails to pursue such claim.

If the Insured fails to make or pursue such claim and it is ultimately determined by the Underwriter that any loss or losses are recoverable under Insuring Agreement (O), then payment of said claim by the Underwriter to the **secondary market institution** shall discharge the Underwriter's obligation to the Insured under this bond and reduce any Aggregate Limit of Liability remaining available to pay any further loss or losses under this bond.

The **secondary market institution** can recover no more than the remaining Aggregate Limit of Liability. The total liability of the Underwriter for all loss or losses is limited to the Aggregate Limit of Liability remaining available pursuant to Section 4. without regard to the total amount of such loss or losses sustained by one or more **secondary market institutions** or the Insured.

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In the event of multiple claims under this bond, one or more of which may affect the interest of a **secondary market institution** and which claims are alleged to or appear to exceed the Aggregate Limit of Liability remaining available for the payment of loss under this bond, then payment of any claim in the sole discretion of the Underwriter may be held in abeyance until the final determination of all such claims.

Should the loss or losses recoverable under this bond exceed the Aggregate Limit of Liability remaining available for the payment of such loss or losses then payment shall be made pro rata up to said remaining Aggregate Limit of Liability to said **secondary market institutions** and the Insured according to their respective interests.

The right of action granted to a **secondary market institution** under this Special Condition shall not extend to grant to the **secondary market institution** any right of action for loss under any Insuring Agreement other than Insuring Agreement (O).

GENERAL AGREEMENTS

A. ADDITIONAL OFFICES OR EMPLOYEES — CONSOLIDATION, MERGER OR PURCHASE OF ASSETS — NOTICE

If the Insured shall, while this bond is in force, establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution, such offices shall be automatically covered hereunder from the date of such establishment without the requirement of notice to the Underwriter or the payment of additional premium for the remainder of the Bond Period.

If the Insured shall, while this bond is in force, consolidate or merge with, or purchase or acquire assets or liabilities of, another institution, the Insured shall not have such coverage as is afforded under this bond for loss which

(1) has occurred or will occur in offices or premises, or

(2) has been caused or will be caused by an employee or employees of such institution, or

(3) has arisen or will arise out of the assets or liabilities acquired by the Insured as a result of such consolidation, merger or purchase or acquisition of assets or liabilities unless the Insured shall

(a) give the Underwriter written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action;

(b) obtain the written consent of the Underwriter to extend the coverage provided by this bond to such additional offices or premises, employees and other exposures; and

(c) upon obtaining such consent, pay to the Underwriter an additional premium.

B. CHANGE OF OWNERSHIP — NOTICE

(1) Stock Ownership

When the Insured learns of a change in ownership by a single stockholder, or by a group of affiliated stockholders, of more than ten percent (10%) of its voting stock, or of the voting stock of a holding company or parent corporation which itself owns or controls the Insured, it shall give written notice to the Underwriter, as soon as practicable, but not later than within thirty (30) days. Failure to give the required notice shall result in termination of coverage, effective upon the date of the stock transfer, for any loss involving a transferee of such stock.

(2) Partnership

The Insured shall give written notice to the Underwriter of a change of 25% of the partner's interest in the Insured due to a realignment of such partner's percentage interest as soon as practicable, but not later than within thirty (30) days. The notice shall set forth the full particulars of such change including the identity of the new partner(s). Failure to give the required notice shall result in termination of coverage, effective upon the date of the change in partnership status, for any loss involving a new partner.

A change in ownership, which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of more than 50% of the voting stock of the first named Insured shall cause this bond to be terminated as set forth in Section 13.

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C. REPRESENTATION OF INSURED

The Insured represents that the information furnished in the application for this bond is complete, true and correct. Such application constitutes part of this bond.

Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in the application or otherwise, shall be grounds for the rescission of this bond.

D. JOINT INSURED

If two or more Insureds are covered under this bond, the first named Insured shall act for all Insureds. Payment by the Underwriter to the first named Insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss. If the first named Insured ceases to be covered under this bond, the Insured next named shall thereafter be considered as the first named Insured. Knowledge possessed or discovery made by any Insured shall constitute knowledge or discovery by all Insureds for all purposes of this bond. The liability of the Underwriter for loss or losses sustained by all Insureds shall not exceed the amount for which the Underwriter would have been liable had all such loss or losses been sustained by one Insured.

E. COURT COSTS AND ATTORNEYS' FEES

The Underwriter shall indemnify the Insured for court costs and attorneys' fees in accordance with the following provisions:

(1) Indemnification

The Underwriter shall indemnify the Insured against court costs and reasonable attorneys' fees incurred and paid by the Insured in defending any suit or legal proceeding brought against the Insured to enforce the Insured's liability or alleged liability, on account of any loss, claim or damage which, if established against the Insured, would constitute a covered loss under the terms of this bond in excess of any Deductible Amount. Such indemnity shall be a part of the Single Loss Limit of Liability for the applicable Insuring Agreement or Coverage. The Insured shall notify the Underwriter at the earliest practicable moment not to exceed 60 days after the notice thereof, of any such suit or legal proceeding and at the request of the Underwriter shall furnish it with copies of all pleadings and other papers therein.

(2) Multiple Causes of Action

If multiple causes of action are alleged in any such suit or legal proceeding some of which causes of action, if established against the Insured, would not constitute a collectible loss under this bond, then the Insured shall bear the court costs and attorneys' fees incurred in the defense of such alleged causes of action.

(3) Proration

If the amount of the Insured's liability or alleged liability is greater than the amount recoverable under this bond, or if a Deductible Amount is applicable, or both, the liability of the Underwriter under this General Agreement is limited to the proportion of court costs and attorneys' fees incurred and paid by the Insured or by the Underwriter that the amount recoverable under this bond bears to the total of such amount plus the amount which is not so recoverable.

If the Underwriter pays court costs and attorneys' fees in excess of its proportionate share of such costs and fees, the Insured shall promptly reimburse the Underwriter for such excess.

(4) Election To Defend

At the Underwriter's election, the Insured shall permit the Underwriter to conduct the defense of such suit or legal proceeding, in the Insured's name, through attorneys of the Underwriter's selection. In such event the Insured shall give all reasonable assistance, other than pecuniary, which the Underwriter shall deem necessary to the defense of such suit or legal proceeding.

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CONDITIONS AND LIMITATIONS

DEFINITIONS

Section 1. As used in this bond:

(a) **Acceptance** means a draft which the drawee has, by signature written thereon, engaged to honor as presented.

(b) **Appraisal** means an original written valuation, purporting to represent the fair market value of a residential, multi-family, or an income property which written valuation is performed by an **employee** of the Insured or by an **approved outside appraiser** on behalf of the Insured and which written valuation is provided directly to the Insured in respect of a **real estate loan**.

(c) **Approved outside appraiser** means only those persons, other than an **employee**, who the Insured has appointed and designated to its approved appraiser's list to perform **appraisals** for the Insured, and who are certified of licensed by the jurisdiction in which they provide their **appraisals**.

(d) **Attorney** means a person, other than a director, trustee, employee, partner, **sole proprietor**, **major shareholder** or internal corporate attorney of the Insured, who is licensed in the state in which he practices law and is specifically retained by the Insured to perform legal services for the benefit of the Insured in connection with a **real estate loan** which is the subject matter of Insuring Agreement (A)(2) and the employees of such **attorney** while such **attorney**, or the employees of such **attorney**, are performing such services for the Insured.

(e) **Certificate of deposit** means an acknowledgment in writing by a financial institution of receipt of **money** with an engagement to repay it.

(f) **Certificate of origin or title** means a document issued by a manufacturer of personal property or a governmental agency evidencing the ownership of the personal property and by which ownership is transferred.

(g) **Certificated security** means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer, which is:

(1) represented by an instrument issued in bearer or registered form;

(2) of a type commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment; and

(3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.

(h) **Collateral** means a note, mortgage or deed of trust upon real property.

(i) **Computer program** means a set of related electronic instructions, which direct the operations and functions of a computer or devices connected to it, which enable the computer or devices to receive, process, store or send **electronic data**.

(j) **Computer system** means

(1) computers with related peripheral components, including storage components wherever located,

(2) systems and applications software,

(3) terminal devices, and

(4) related communication networks

by which **electronic data** are electronically collected, transmitted, processed, stored and retrieved.

(k) **Counterfeit** means an imitation of an actual valid original, which is, intended to deceive and to be taken as the original. Fictitious instruments, which merely contain fraudulent misrepresentations of fact, are not counterfeit.

(l) **Custodial account** means a trust, custodial or escrow account designated by the Insured for the sole benefit of the **secondary market institution** and maintained by the Insured in compliance with requirements of the **secondary market institution.**

(m) **Document custodian** means the institution that verifies and maintains the original notes and assignments of the security instruments for the Insured.

(n) **Electronic data** means facts or information converted to a form usable in a **computer system** by

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computer programs and which is stored on magnetic tapes or disks, or optical storage disks or other bulk media.

(o) **Employee**

(1) **Employee** means

a. an officer or other employee of the Insured, while employed in, at or by any of the Insured's offices or premises covered hereunder, and a student intern pursuing studies or duties in any of said offices or premises;

b. a natural person provided by an employment contractor to perform employee duties for the Insured under the Insured's supervision at any of the Insured's offices or premises covered hereunder;

c. an employee of an institution merged or consolidated with the Insured prior to the effective date of this bond;

d. a natural person who is leased to the Insured under a written agreement between the Insured and a labor leasing firm, to perform duties related to the conduct of the Insured's business, but does not mean a temporary employee as defined in paragraph (1)b. above;

e. a director or trustee of the Insured while

1. performing acts coming within the scope of the usual duties of an employee, or

2. acting as a member of any committee duly elected or appointed by resolution of the Insured's board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on behalf of the Insured; and

f. each natural person, partnership or corporation authorized by the Insured to perform services as data processor of checks or other accounting records of the Insured related to such checks (not including preparation or modification of computer software or programs), herein called Processor. Each such Processor, and the partners, officers and employees of such Processor shall, collectively, be deemed to be one **employee** for all the purposes of this bond, excepting, however, the second paragraph of Section 13. A Federal Reserve Bank or clearing house shall not be construed to be a Processor.

(2) **Employee** does not mean any **attorney**, partner, **sole proprietor** or **major shareholder** of the Insured, nor, except as provided above, any director or trustee of the Insured.

(p) **Evidence of debt** means an instrument, including a **negotiable instrument**, executed by a customer of the Insured and held by the Insured, which in the regular course of business is treated as evidencing the customer's debt to the Insured.

(q) **Forgery** means the signing of the name of another genuine person or organization with intent to deceive. It does not mean a signature, which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

(r) **Fraudulent alteration** means a material alteration to an instrument for a fraudulent purpose by a person other than the person who prepared the instrument.

(s) **Guarantee** means a written undertaking obligating the signer to pay the debt of another to the Insured or its assignee or to a financial institution from which the Insured has purchased participation in the debt, if the debt is not paid in accordance with its terms.

(t) **Investor** means a purchaser of **real estate loans** sold, originated, or serviced by the Insured.

(u) **Letter of credit** means an engagement in writing by a bank or other person made at the request of a customer that the bank or other person will honor drafts or other demands for payment upon compliance with the conditions specified in the credit terms.

(v) **Loan** means all extensions of credit by the Insured and all transactions creating a creditor relationship in favor of the Insured and all transactions by which the Insured assumes an existing creditor relationship.

(w) **Loan closing agent** means a natural person reviewed and accepted by the Insured to perform loan closing services for the Insured in connection with a **real estate loan**.

(x) **Major shareholder** means a natural person who has or had directly, indirectly or beneficially 25% or more of the outstanding voting shares of the Insured.

(y) **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign

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government as a part of its currency.

(z) **Negotiable instrument** means any writing

(1) signed by the maker or drawer;

(2) containing any unconditional promise or order to pay a sum certain in **money** and no other promise, order, obligation or power given by the maker or drawer;

(3) is payable on demand or at a definite time; and

(4) is payable to order or bearer.

(aa) **Property** means **money**, **certificated securities**, **negotiable instruments**, **certificates of deposit**, documents of title, **acceptances**, **evidences of debt**, **security agreements**, **certificates of origin or title**, **letters of credit**, insurance policies, abstracts of title, deeds and mortgages on real estate, revenue and other stamps, and books of account and other records whether recorded in writing or electronically.

(bb) **Real estate documents** mean any original

(1) mortgage, trust deed, note, title policy, deed, application for mortgage loan, verification of employment, verification of deposit, documents evidencing private mortgage insurance, Federal Housing Administration insurance, Veterans Administration guarantee, assignment of mortgage, assignment of deed of trust, assumption agreement, assignment of leases and rents, **security agreement**, escrow agreements, access and amenity easements, joint use and maintenance agreements;

(2) underwriting documents including financial statements, rent rolls, operating statements on the asset (if an existing property), specifications for the real property, surveys, leases in connection with a **loan** on commercial real property including a real estate construction loan, estoppel certificates, certificates of occupancy, real estate sales contract, settlement statement, credit report, damage restoration statement, environmental report, property inspection report, cooperative maintenance fee report, or cooperative board resolution;

(3) **appraisal**, mortgage commitment, borrower's acceptance of commitment;

(4) Uniform Commercial Code financing statement pursuant to U.C.C. 9-402 to perfect a security interest in real property excluding a **security agreement**;

(5) **letter of credit**, assignment of a **certificate of deposit** or bank account, and any similar instrument pledged to the Insured as collateral for a **real estate loan**;

(6) land trust documents;

(7) owner's sworn statement, architect's certificate, inspecting engineer's report, lien waiver, soil test report, and draw request, provided that said items are obtained by the Insured in connection with a construction loan, or

(8) any other document, approved by the **investor**, which amends, modifies or endorses any of the above.

(cc) **Real estate loan** means a **loan** or transaction in the nature of a **loan** or extension of credit, including a participation interest in such **loan** or transaction which participation interest has been sold to a **secondary market institution** or **investor**, secured by a note and a mortgage or **deed of trust** on a 1- to 4-family residential property or on a multi-family property or commercial real property, including a real estate construction loan.

(dd) **Repetitive transfer instruction** means an instruction, other than the first such instruction, pursuant to an agreement between a customer of the Insured and the Insured where such parties have agreed that requests to transfer funds from certain designated accounts of the customer to certain designated other accounts and otherwise within the parameters of the agreement will be honored without verification.

(ee) **Secondary market institution** means the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and for purposes of Insuring Agreement (O) only, any **investor** that is specifically named in an Investor Loss Payee Endorsement For Specifically Approved Investor(s).

(ff) **Security agreement** means an agreement which creates an interest in personal property or fixtures and which secures payment or performance of an obligation.

(gg) **Sole proprietor** means a natural person who directly or beneficially solely owns or owned the Insured.

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(hh) **Telefacsimile device** means a machine capable of sending or receiving a duplicate image of a document by means of electronic impulses transmitted through a telephone line and which reproduces the duplicate image on paper.

(ii) **Telefacsimile transfer customer** means an entity or individual that has a written agreement with the Insured, authorizing the Insured to rely on **telefacsimile device** or **computer system** instructions to initiate transfers and has provided the Insured with the names of persons authorized to initiate such transfers, and with which you have established an instruction verification procedure.

(jj) **Tested** means

(1) with regard to Insuring Agreement (H), a method of authenticating the contents of a communication by affixing to it a valid test key which has been agreed upon by the Insured and a customer, automated clearing house, or another financial institution for the purpose of protecting the integrity of the communication in the ordinary course of business.

(2) with regard to Insuring Agreement (I), a method of authenticating the contents of a communication by affixing to it a valid test key which has been agreed upon by the Insured, the Insured's client and a customer, automated clearing house, or another financial institution for the purpose of protecting the integrity of the communication in the ordinary course of business

(3) with regard to Insuring Agreement (K), a method of authenticating the contents of a communication by placing a valid test key on it which has been agreed upon by the Insured and a **telefacsimile transfer customer**, automated clearing house, or another financial institution for the purpose of protecting the integrity of the communication in the ordinary course of business.

For the purpose of this definition, "test key" found in items (1), (2) and (3) means a code established and used in transmitting messages so that the recipient can authenticate the message.

(kk) **Theft** as used in

(1) Insuring Agreement (A) means the unlawful taking of **property** to the deprivation of the Insured.

(2) Insuring Agreement (O) means only

a. the wrongful taking of **money** deposited into or actually received by the Insured for deposit into a **custodial account** for the sole benefit of a **secondary market institution** which **money** has been deposited with or paid to the Insured for the purpose of purchasing a **real estate loan** for said **secondary market institution** or collected or actually received by the Insured for said **secondary market institution** in connection with a **real estate loan** which the Insured is servicing for said **secondary market institution**, or

b. the wrongful appropriation and fraudulent sale or pledging to others of **collateral** in which a **secondary market institution** has an interest,

which acts were committed with the intent to deprive said **secondary market institution** of its right to said **money** or **collateral.**

(ll) **Transportation company** means any organization, other than an armored motor vehicle company, which provides its own or leased vehicles for transportation or which provides freight forwarding or air express services.

EXCLUSIONS

Section 2. This bond does not cover:

(a) (1) loss involving any dishonest or fraudulent act or **theft** by any **employee**, except when covered under Insuring Agreements (A) or (O);

(2) loss involving any dishonest or fraudulent act or **theft** by any **attorney** or **loan closing agent** performing services for the Insured, except when covered under Insuring Agreement (A)(2);

(3) loss involving any act of any partner, **sole proprietor** or **major shareholder** of the Insured, except when covered under Insuring Agreement (O);

(b) Any loss resulting directly or indirectly from any act of any mortgage broker, agent or originator except when covered under Insuring Agreements (D) or (E) or when such loss has been caused by the dishonest acts of an **employee** and is covered under Insuring Agreement (A);

(c) loss resulting directly or indirectly from **forgery** or alteration, except when covered under Insuring Agreements (A), (D) or (E);

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(d) under Insuring Agreement (D), loss resulting from the **forgery** or alteration of or on a **negotiable instrument** issued by the Insured in reliance upon a forged or altered **evidence of debt;**

(e) (1) loss due to riot or civil commotion outside the United States of America and Canada, or loss due to military, naval or usurped power, war or insurrection unless such loss occurs in transit in the circumstances recited in Insuring Agreement (C), and unless, when such transit was initiated, there was no knowledge of such riot, civil commotion, military, naval or usurped power, war or insurrection on the part of any person acting for the Insured in initiating such transit;

(2) loss or damage resulting directly or indirectly from subterranean fire, earthquake, volcanic eruption, or such like disturbance of nature in the United States of America or elsewhere;

(f) loss resulting directly or indirectly from the complete or partial non-payment of, or default upon, any loan or transaction involving the Insured as a lender or borrower, or extension of credit, including the purchase, discounting or other acquisition of false or genuine accounts, invoices, notes, agreements or evidences of debt, whether such loan, transaction or extension was procured in good faith or through trick, artifice, fraud or false pretenses; except a **real estate loan** when covered under Insuring Agreement (A) and resulting in improper financial gain for the **employee** or any person in collusion with such **employee** or under Insuring Agreements (E) or (G);

(g) loss resulting directly or indirectly from nuclear reaction, nuclear fission or fusion, radiation of radioactivity or toxic waste, seepage, pollution or contamination, howsoever caused;

(h) loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(i) loss resulting directly or indirectly from the dispersal or application of pathogenic or poisonous biological or chemical materials, nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident;

(j) loss of **property** or **real estate documents** while in the mail except when covered under Insuring Agreement (A)(1);

(k) loss caused by an **employee**, except when covered under Insuring Agreement (A)(1) or when covered under Insuring Agreements (B), (C) or (O) and resulting directly from misplacement, mysterious unexplainable disappearance or destruction of or damage to **property** or **real estate documents**;

(l) loss resulting directly or indirectly from trading, with or without the knowledge of the Insured, whether or not represented by any indebtedness or balance shown to be due the Insured on any customer's account, actual or fictitious, and notwithstanding any act or omission on the part of any **employee** in connection with any account relating to such trading, indebtedness, or balance, except when covered under Insuring Agreement (A) and then only while trading on behalf of and in the name of the Insured and resulting in the receipt of improper financial benefit for the **employee** or any person acting in collusion with said **employee**;

(m) loss or deprivation of actual or potential income or profit, including but not limited to interest and dividends, whether payable to an **investor** or otherwise, except such loss as covered by Insuring Agreements (A) or (O) and which represents in whole or in part interest payments actually received by the Insured on a **real estate loan** and which interest payments were not remitted by the Insured to a **secondary market institution**;

(n) loss resulting directly or indirectly from the use or purported use of credit, debit, charge, access, convenience, identification or other cards;

(o) damages of any type whether punitive, exemplary or other for which the Insured is legally liable, including damages awarded pursuant to Racketeer Influenced Corrupt Organizations Act or similar State or Federal statutes except direct compensatory damages, but not multiples thereof, arising directly from a loss covered under this bond;

(p) loss involving payments made by the Insured against **negotiable instruments** received by the Insured which are not finally paid for any reason, whether such payments were procured in good faith or through **forgery**, trick, artifice, fraud or false pretenses or any other means, except when covered under Insuring Agreements (A), (E) or (G);

(q) loss through the surrender of **property** away from an office of the Insured as a result of a threat

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(1) to do bodily harm to any person, except loss of **property** in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the Insured of any such threat, or

(2) to do damage to the premises or **property** of the Insured,

except when covered under Insuring Agreement (A);

(r) indirect or consequential loss of any nature;

(s) loss resulting from any violation by the Insured or by any **employee**

(1) of law regulating (i) the issuance, purchase or sale of securities, (ii) securities transactions upon security exchanges or over the counter market, (iii) investment companies, or (iv) investment advisers, or

(2) of any rule or regulation made pursuant to any such law, unless it is established by the Insured that the act or acts which caused the said loss involved fraudulent or dishonest conduct which would have caused a loss to the Insured in a similar amount in the absence of such laws, rules or regulations;

(t) loss resulting directly or indirectly from the failure or bankruptcy of a financial or depository institution, or its receiver or liquidator, to pay or deliver, on demand of the Insured, funds or **property** of the Insured held by it in any capacity, except when covered under Insuring Agreements (A) or (B)(1)(a);

(u) loss resulting from the Insured having repurchased or having been required to repurchase a **real estate loan** from an **investor** or **secondary market institution** except when covered under Insuring Agreements (E)(2) or (O);

(v) loss resulting directly or indirectly from any dishonest or fraudulent act or acts committed by any non-**employee** who is a securities, commodities, money, mortgage, real estate, loan, insurance, property management, investment banking broker, agent or other representative of the same general character;

(w) loss, or that part of any loss, as the case may be, the proof of which, either as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation;

(x) loss resulting directly or indirectly from counterfeiting, except when covered under Insuring Agreements (A), (E) or (F);

(y) all fees, costs and expenses incurred by the Insured

(1) in establishing the existence at or amount of loss covered under this bond, or

(2) as a party to any legal proceeding whether or not such legal proceeding exposes the Insured to loss covered by this bond

except to the extent covered under Insuring Agreement (N).

(z) loss resulting directly or indirectly from contractual or extra-contractual liability sustained by the Insured in connection with the issuance of contracts or purported contracts of insurance;

The following exclusions are applicable to Insuring Agreements (H), (I), (J), (K), (L) and (M) only:

(aa) loss resulting directly or indirectly from the fraudulent preparation, or fraudulent modification of **computer programs**, unless covered under Insuring Agreement (H);

(bb) loss resulting directly or indirectly from entry or change of **electronic data** or **computer programs** in a **computer system**, unless covered under Insuring Agreement (H);

(cc) loss resulting directly or indirectly from the Insured having transferred funds in reliance on the validity of a voice instruction, unless covered under Insuring Agreements (H) or (J);

(dd) loss resulting directly or indirectly from the Insured having transferred or delivered funds, **certificated securities** or **uncertificated securities** in reliance on an instruction received through a **telefacsimile device**, unless covered under Insuring Agreement (K);

(ee) loss resulting directly or indirectly from the theft of confidential information;

(ff) the cost of duplication of **electronic data** or **computer programs**, unless covered under Insuring Agreements (L) or (M);

(gg) loss resulting directly or indirectly from

(1) written instructions or advices, or

(2) telegraphic or cable instructions or advices,

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unless the instructions or advices are **tested** and the loss is covered under Insuring Agreement (H);

(hh) loss resulting directly or indirectly from **negotiable instruments**, **certificated securities**, documents or other written instruments which bear a **forged** signature, or are **counterfeit**, altered or otherwise fraudulent and which are used as source documentation in the preparation of **electronic data** or manually keyed into a data terminal;

(ii) loss resulting directly or indirectly from

(1) mechanical failure, faulty construction, error in design, latent defect, fire, wear or tear, gradual deterioration, electrical disturbance or electrical surge which affects a **computer system**, or

(2) failure or breakdown of **electronic data** processing media, or

(3) error or omission in programming or processing;

(jj) loss resulting directly or indirectly from the input of **electronic data** into a **computer system** terminal device either on the premises of a customer of the Insured or under the control of such a customer by a person who had authorized access to the customer's authentication mechanism.

DISCOVERY

Section 3. This bond applies to loss discovered by the Insured during the Bond Period. Discovery occurs when the Insured first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this bond has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the Insured receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss under this bond.

LIMIT OF LIABILITY

Section 4.

Aggregate Limit of Liability

The Underwriter's total liability for all losses discovered during the Bond Period shown in Item 2 of the Declarations shall not exceed the Aggregate Limit of Liability shown in Item 3 of the Declarations. The Aggregate Limit of Liability shall be reduced by the amount of any payment made under the terms of this bond.

Upon exhaustion of the Aggregate Limit of Liability by such payments:

(a) The Underwriter shall have no further liability for loss or losses regardless of when discovered and whether or not previously reported to the Underwriter, and

(b) The Underwriter shall have no obligation under General Agreement E to continue the defense of the Insured, and upon notice by the Underwriter to the Insured that the Aggregate Limit of Liability has been exhausted, the Insured shall assume all responsibility for its defense at its own cost.

The Aggregate Limit of Liability shall not be increased or reinstated by any recovery made and applied in accordance with subsections (a), (b) and (c) of Section 8. In the event that a loss of an instrument or **real estate documents** is settled by the Underwriter through the use of a lost instrument bond, such loss shall not reduce the Aggregate Limit of Liability.

Single Loss Limit of Liability

Subject to the Aggregate Limit of Liability, the Underwriter's liability for each Single Loss shall not exceed the applicable Single Loss Limit of Liability shown in Item 4 of the Declarations. If a Single Loss is covered under more than one Insuring Agreement or Coverage, the maximum payable shall not exceed the largest applicable Single Loss Limit of Liability.

Single Loss Defined

Single Loss means all covered loss, including court costs and attorneys' fees incurred by the Underwriter under General Agreement E, resulting from

(a) any one act or series of related acts of burglary, robbery or attempt thereat, in which no **employee** is implicated, or

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(b) any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether an **employee** or not) resulting in damage to or destruction or misplacement of **property** or **real estate documents**, or

(c) all acts or omissions other than those specified in (a) and (b) preceding, caused by any person (whether an **employee** or not) or in which such person is implicated, or

(d) any one casualty or event not specified in (a), (b) or (c) preceding.

NOTICE/PROOF — LEGAL PROCEEDINGS AGAINST UNDERWRITER

Section 5.

(a) At the earliest practicable moment, not to exceed 30 days, after discovery of loss, the Insured shall give the Underwriter notice thereof.

(b) Within 6 months after such discovery, the Insured shall furnish to the Underwriter proof of loss, duly sworn to, with full particulars.

(c) Lost **certificated securities** listed in a proof of loss shall be identified by certificate or bond numbers if such securities were issued therewith.

(d) Legal proceedings for the recovery of any loss hereunder shall not be brought prior to the expiration of 60 days after the original proof of loss is filed with the Underwriter or after the expiration of 24 months from the discovery of such loss.

(e) If any limitation embodied in this bond is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.

(f) This bond affords coverage only in favor of the Insured and shall be for the exclusive benefit of the Insured. In no event, except with regard to Insuring Agreement (O), shall anyone other than the first named Insured have any right of action under this bond.

VALUATION

Section 6. Any loss of **money**, or loss payable in **money**, shall be paid, at the option of the Insured, in the **money** of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange at the time of payment of such loss.

Securities

The Underwriter shall settle in kind its liability under this bond on account of a loss of any securities or, at the option of the Insured, shall pay to the Insured the cost of replacing such securities, determined by the market value thereof at the time of such settlement. However, if prior to such settlement the Insured shall be compelled by the demands of a third party or by market rules to purchase equivalent securities, and gives written notification of this to the Underwriter, the cost incurred by the Insured shall be taken as the value of those securities. In case of a loss of subscription, conversion or redemption privileges through the misplacement or loss of securities, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such securities cannot be replaced or have no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration.

If the applicable coverage of this bond is subject to a Deductible Amount and/or is not sufficient in amount to indemnify the Insured in full for the loss of securities for which claim is made hereunder, the liability of the Underwriter under this bond is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable coverage.

Real Estate Documents

In case of loss of, or damage to **real estate documents,** the Underwriter shall be liable hereunder for reasonable expenses not to exceed $2,500 per mortgage loan necessarily incurred by the Insured to replace any **real estate documents** arising out of a loss covered under Insuring Agreements (B) or (C), or arising out of a loss which would have been covered under said Insuring Agreement but for the fact that the amount of the loss is within the Deductible Amount applicable to such Insuring Agreement.

Books of Account and Other Records

In case of loss of, or damage to, any books of account or other records used by the Insured in its business,

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the Underwriter shall be liable under this bond only if such books or records are actually reproduced and then for not more than the cost of the blank books, blank pages or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such books and other records.

Property other than Money, Securities or Records

In case of loss of, or damage to, any **property** other than **money**, securities, books of account or other records, **real estate documents**, or damage covered under Insuring Agreement (B)(2), the Underwriter shall not be liable for more than the actual cash value of such **property**, or of items covered under Insuring Agreement (B)(2). The Underwriter may, at its election, pay the actual cash value of, replace or repair such property. Disagreement between the Underwriter and the Insured as to the actual cash value or as to the adequacy of repair or replacement shall be resolved by arbitration.

Indemnification to Investor

In the event that the Insured is required to repurchase a **real estate loan** or indemnify an **investor** as the result of a loss covered under Insuring Agreement (E) the Underwriter shall be liable under this bond only for an amount which does not exceed the outstanding balance of said **real estate loan**.

LOST INSTRUMENTS OR REAL ESTATE DOCUMENTS

Section 7.

In the event of a loss covered under this bond of an instrument or **real estate document**, the Insured shall, subject to the conditions stated below, first attempt to secure the replacement of the lost instrument or **real estate document** by use of a letter of indemnity issued by it. In the event that it is unable to secure the replacement of a lost **real estate document** by a letter of indemnity, the Insured shall attempt to replace the lost **real estate document** in accordance with the Real Estate Documents provision of Section 6. If the Insured is unable to replace said lost instrument or **real estate document** the Insured shall, subject to the Underwriter's prior consent being obtained, secure a lost instrument bond for the purpose of obtaining the issuance of a duplicate instrument or **real estate document**.

It is further agreed that the Insured shall bear for its own account the cost of obtaining such indemnity agreement or lost instrument bond for that portion of the loss which falls within the applicable Single Loss Deductible as stated in the Table of Limits of Liability and Deductible Amounts or which is in excess of the Aggregate Limit of Liability remaining available for the payment of said loss or in excess of any applicable sub-limit remaining available for the payment of said loss. The Underwriter shall bear for its own account the cost of obtaining such indemnity agreement or lost instrument bond for that loss which would be covered and which exceeds the Deductible Amount and is within the Aggregate Limit of Liability available for the payment of any loss.

ASSIGNMENT - SUBROGATION - RECOVERY - COOPERATION

Section 8.

(a) In the event of payment under this bond, the Insured shall deliver, if so requested by the Underwriter, an assignment of such of the Insured's rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.

(b) In the event of payment under this bond, the Underwriter shall be subrogated to all of the Insured's rights of recovery therefor against any person or entity to the extent of such payment.

(c) Recoveries, whether effected by the Underwriter or by the Insured, shall be applied net of the expense of such recovery first to the satisfaction of the Insured's loss which would otherwise have been paid but for the fact that it is in excess of either the Single or Aggregate Limit of Liability, secondly, to the Underwriter as reimbursement of amounts paid in settlement of the Insured's claim, and thirdly, to the Insured in satisfaction of any Deductible Amount. Recovery on account of loss of securities as set forth in the second paragraph of Section 6 or recovery from reinsurance and/or indemnity of the Underwriter shall not be deemed a recovery as used herein.

(d) Upon the Underwriter's request and at reasonable times and places designated by the Underwriter the Insured shall

(1) submit to examination by the Underwriter and subscribe to the same under oath; and

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(2) produce for the Underwriter's examination all pertinent records; and

(3) cooperate with the Underwriter in all matters pertaining to the loss.

(e) The Insured shall execute all papers and render assistance to secure to the Underwriter the rights and causes of action provided for herein. The Insured shall do nothing after discovery of loss to prejudice such rights or causes of action.

LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

Section 9. With respect to any loss set forth in subsection (c) of the final paragraph of Section 4. of this bond which is recoverable or recovered in whole or in part under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Underwriter under this bond and under such other bonds or policies shall not exceed, in the aggregate, the amount carried hereunder on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss if the latter amount be the larger.

If the coverage of this bond supersedes in whole or in part the coverage of any other bond or policy of insurance issued by an Insurer other than the Underwriter and terminated, canceled or allowed to expire, the Underwriter, with respect to any loss sustained prior to such termination, cancellation or expiration and discovered within the period permitted under such other bond or policy for the discovery of loss thereunder, shall be liable under this bond only for that part of such loss covered by this bond as is in excess of the amount recoverable or recovered on account of such loss under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding.

OTHER INSURANCE OR INDEMNITY

Section 10. Coverage afforded hereunder shall apply only as excess over any valid and collectible insurance or indemnity obtained by the Insured, or by a **transportation company**, or by another entity on whose premises the loss occurred or which employed the person causing the loss or the messenger conveying the **property** or **real estate documents** involved.

OWNERSHIP

Section 11. This bond shall apply to loss of **property** or **real estate documents** (1) owned by the Insured, (2) held by the Insured in any capacity, or (3) for which the Insured is legally liable. This bond shall be for the sole use and benefit of the Insured named in the Declarations.

DEDUCTIBLE AMOUNT

Section 12. The Underwriter shall be liable hereunder only for the amount by which any single loss, as defined in Section 4., exceeds the Single Loss Deductible amount for the Insuring Agreement or Coverage applicable to such loss, subject to the Aggregate Limit of Liability and the applicable Single Loss Limit of Liability.

The Insured shall, in the time and in the manner prescribed in this bond, give the Underwriter notice of any loss of the kind covered by the terms of this bond, whether or not the Underwriter is liable therefor, and upon the request of the Underwriter shall file with it a brief statement giving the particulars concerning such loss.

TERMINATION OR CANCELLATION

Section 13. This bond terminates as an entirety upon occurrence of any of the following:

(a) 60 days after the receipt by the Insured of a written notice from the Underwriter of its desire to cancel this bond, or

(b) immediately upon the receipt by the Underwriter of a written notice from the Insured of its desire to cancel this bond, or

(c) immediately upon the taking over of the Insured by a receiver or other liquidator or by State or Federal officials, or

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(d) immediately upon the first named Insured being acquired by another entity. As used in this Condition, acquired means a change of control where the power to determine the management or policy of the first named Insured has changed by virtue of a change of ownership which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of more than 50% of its voting stock regardless as to the changes to the core functions of the acquired institution; or

(e) immediately upon exhaustion of the Aggregate Limit of Liability, or

(f) immediately upon expiration of the Bond Period as set forth in Item 2 of the Declarations.

This bond terminates as to any Insured, other than the first named Insured, immediately upon its acquisition by another entity of more than 50% of its voting stock or being taken over by a receiver or other liquidator or by State or Federal officials.

This bond terminates as to any **employee** or any partner, director, trustee, **sole proprietor**, or **major shareholder** of the Insured or any **attorney**, or **loan closing agent**, or any partner, officer or employee of any Processor--(a) as soon as any Insured, or any partner, **major shareholder**, **sole proprietor**, or any director, trustee or officer not in collusion with such person, learns of any dishonest or fraudulent act committed by such person at any time, whether in the employment of the Insured or otherwise, whether or not of the type covered under Insuring Agreement (A), against the Insured or any other person or entity, without prejudice to the loss of any **property** or **real estate documents** then in transit in the custody of such person, or (b) 15 days after the receipt by the Insured of a written notice from the Underwriter of its desire to cancel this bond as to such person.

Termination of the bond as to any Insured terminates liability for any loss sustained by such Insured which is discovered after the effective date of such termination.

RIGHTS AFTER CANCELLATION

Section 14. The Insured may, at any time prior to the cancellation of this bond as an entirety by the Underwriter pursuant to paragraph (a) of Section 13. give to the Underwriter notice that it desires an additional period of time, not to exceed 12 months, within which to discover loss sustained by the Insured prior to the effective date of such cancellation and shall pay an additional premium therefor. Upon receipt of such notice the Underwriter shall give its written consent thereto; provided, that such additional period of time shall terminate immediately

(a) on the effective date of any insurance obtained by the Insured, its successors in business or any other party, replacing in whole or in part the insurance provided by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or

(b) upon any takeover of the Insured's business by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose,

without the necessity of the Underwriter giving notice of such termination. In the event that such additional period of time is terminated, the Underwriter shall refund any unearned premium.

The right to purchase such additional period for the discovery of loss may not be exercised by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed to take over the Insured's business for the operation or for the liquidation thereof or for any other purpose.

IN WITNESS WHEREOF, the Underwriter has caused this bond to be signed by its President and by its Secretary at Schaumburg, Illinois, and to be countersigned on the Declarations by a duly authorized representative.

Attest

Corporate Secretary

By

President

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Administrative Office
1400 American Lane
Schaumburg, IL 60196

MORTGAGE BANKERS SELECT BOND

June, 2007 Edition

ZURICH

(stock insurance companies, herein called Underwriter)

Bond No.

DECLARATIONS

Item 1. Name of Insured (herein called Insured):

Principal Address:

Item 2. Bond Period: From 12:01 a.m. on to 12:01 a.m. on

standard time at the principal address of the Insured listed above.

Item 3. The Aggregate Liability of the Underwriter during the Bond Period shall be $

Item 4. The Single Loss Limit of Liability and Single Loss Deductible for each Insuring Agreement or Coverage as shown in the Table of Limits of Liability and Deductible Amounts are subject to the Declarations, General Agreements and Conditions and Limitations of this bond and the terms and limitations of the Insuring Agreement or Coverage having reference thereto and any of its riders.

No coverage is provided under any Insuring Agreement or Coverage unless so indicated in the Table of Limits of Liability and Deductible Amounts showing the Underwriter's Limit of Liability or in any rider hereafter agreed upon.

Item 5. The liability of the Underwriter is subject to the following riders attached hereto:

SEE ATTACHED RIDER/ENDORSEMENT INDEX

Item 6. All notices required to be given to the Underwriter shall be addressed to:

Mail Drop # MD1-02-02
3910 Keswick Road
P.O. Box 1227
Baltimore, MD 21203-1227

Item 7. The Insured, by acceptance of this bond, gives notice to the Underwriter terminating or canceling prior bond(s) or policy(ies) No.(s) , such termination or cancellation to be effective as of the time this bond becomes effective.

By:_____
Authorized Representative

Administrative Office
1400 American Lane
Schaumburg, IL 60196

TABLE OF LIMITS OF LIABILITY AND DEDUCTIBLE AMOUNTS

ZURICH

To be attached to Bond No.

INSURING AGREEMENT OR COVERAGE	SINGLE LOSS LIMIT OF LIABILITY	SINGLE LOSS DEDUCTIBLE
(A) FIDELITY		
(1) EMPLOYEE	$	$
(2) ATTORNEY OR LOAN CLOSING AGENT	$	$
(B) ON PREMISES	$	$
(C) IN TRANSIT	$	$
(D) FORGERY OR ALTERATION	$	$
(E) FORGED DOCUMENTS	$	$
(F) COUNTERFEIT MONEY	$	$
(G) FRAUDULENT MORTGAGES	$	$
(H) COMPUTER SYSTEMS FRAUD	$	$
(I) DATA PROCESSING SERVICE OPERATIONS	$	$
(J) VOICE INITIATED TRANSFER FRAUD	$	$
Verification Callback Amount $		
(K) TELEFACSIMILE TRANSFER FRAUD	$	$
Verification Callback Amount $		
(L) DESTRUCTION OF DATA OR PROGRAMS BY HACKER	$	$
(M) DESTRUCTION OF DATA OR PROGRAMS BY VIRUS	$	$
(N) CLAIMS EXPENSE	$	$
(O) THEFT OF SECONDARY MARKET INSTITUTION'S MONEY OR COLLATERAL		
Additional Insuring Agreements or Coverages		
KIDNAP / RANSOM / EXTORTION	$	$
	$	$
	$	$
	$	$
	$	$

This Table is effective as of .

By acceptance of this Table the previous Table effective is hereby canceled.

Accepted:

_____
(INSURED)

By:_____
(OFFICIAL TITLE)

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CANCEL AN EXISTING RIDER

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

1. The attached bond is amended by canceling and terminating a certain rider (hereinafter called Canceled Rider) dated , attached to the said bond and more fully described as follows:

   so that from and after the effective date hereof, the attached bond shall continue in force without the amendment contained in the said Canceled Rider.

2. The amendment of the attached bond effected hereby shall apply to loss or losses sustained at any time but discovered on or after the effective date hereof.

Accepted:

_____
(INSURED)

By:_____
(OFFICIAL TITLE)

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CHANGE OF NAME OR ADDRESS

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

The Underwriter gives its consent to the change of the Name or Principal Address of the Insured

From:

To:

Provided, however, that the liability of the Underwriter under the attached bond as changed by this rider shall not be cumulative.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

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DELETE RESTORATION

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

The attached bond is amended by deleting the following:

☐ The third paragraph of the DESTRUCTION OF DATA OR PROGRAMS BY HACKER Insuring Agreement beginning with "In the event…"

☐ The third paragraph of the DESTRUCTION OF DATA OR PROGRAMS BY VIRUS Insuring Agreement beginning with "In the event…"

Accepted:

_____
(INSURED)

By:_____
(OFFICIAL TITLE)

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NAMED INSURED

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

The Insured under the attached bond is/are:

NONCANCELABLE

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

1. Anything in the attached bond or state rider, if any, to the contrary notwithstanding, the Underwriter shall have no right to issue notice of cancellation as described in part (a) in the first paragraph of the TERMINATION OR CANCELLATION Condition.
2. This rider shall not apply to cancellation for nonpayment of premium.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

DISCOVERY PERIOD

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that:

1. In accordance with and subject to the provisions of the section of the attached bond entitled RIGHTS AFTER CANCELLATION, the Underwriter hereby grants to the Insured a period of 12 months from 12:01 a.m. of the day of , 20 , to 12:01 a.m. of the day of , 20 , within which to discover loss sustained by the Insured prior to the date and hour first mentioned.
2. Such additional period of time shall terminate immediately
   (a) on the effective date of any insurance obtained by the Insured, its successors in business or any other party, replacing in whole or in part the insurance provided by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
   (b) upon any takeover of the Insured's business by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose,

   without the necessity of the Underwriter giving notice of such termination.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

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COINSURANCE

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

1. The Underwriter shall not be liable for a greater percentage of any loss, including court costs and attorneys' fees, than the percentage shown below bears to the total amount of such loss, but in no event for more than the Single Loss Limit of Liability as set forth in the Table of Limits of Liability and Deductible Amounts.

   Liability of Underwriter %

2. Recoveries, whether effected by the Underwriter or by the Insured, shall be applied net of expense of such recovery first to the satisfaction of the Insured's loss in excess of the Single Loss Limit of Liability and the Deductible Amount, second to the Underwriter in the percentage shown above, with the remaining percentage to the Insured, and third to the Insured in settlement of any Deductible Amount.
3. All agreements, conditions and limitations of this bond which apply to the Single Loss Limit of Liability of the Underwriter are deemed to be amended to conform with the provisions of this rider.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

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AMEND BOND PERIOD

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

The attached bond is amended by replacing Item 2. of the Declarations with the following:

Item 2. Bond Period: From 12:01 a.m. on (month, day, year) to 12:01 a.m. on (month, day, year)

standard time at the principal address of the Insured listed above.

RETROACTIVE DATE

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that:

RETROACTIVE DATE -

Section 3. DISCOVERY is deleted and replaced by the following:

Section 3. This bond applies only to a Single Loss, as defined in Section 4., which was sustained in its entirety after the retroactive date set forth above. All acts or omissions causing or contributing to such Single Loss (including acts or omissions causing a loss less than the Single Loss Deductible amount) must occur after the retroactive date for coverage under this bond to apply. Such Single Loss must be discovered by the Insured during the Bond Period.

Discovery of loss occurs when the Insured first becomes aware of facts which would cause a reasonable person to assume that a loss of the type covered by this bond has been or will be incurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the Insured receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss under this bond.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

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RETROACTIVE DATE – JOINT INSURED

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that:

JOINT INSURED –

RETROACTIVE DATE –

As respects the joint Insured named above, this bond applies only to a Single Loss, as defined in Section 4., which was sustained in its entirety after the retroactive date set forth above. All acts or omissions causing or contributing to such Single Loss (including acts or omissions causing a loss less than the Single Loss Deductible amount) must occur after the retroactive date for coverage under this bond to apply. Such Single Loss must be discovered by the Insured during the Bond Period.

Discovery of loss occurs when the Insured first becomes aware of facts which would cause a reasonable person to assume that a loss of the type covered by this bond has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the Insured receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss under this bond.

Knowledge possessed or discovery made by any Insured shall constitute knowledge or discovery by all Insureds for all purposes of this bond.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

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RETROACTIVE DATE – CONSOLIDATION, MERGER, PURCHASE OF ASSETS

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

_____

_____

It is agreed that:

INSTITUTION –

RETROACTIVE DATE –

As respects assets or liabilities acquired from the above-named institution, the Insured shall not have coverage as is afforded under this bond for loss, unless the Underwriter has agreed to extend the coverage afforded by this bond to additional exposures arising from such assets or liabilities (as provided for by General Agreement (A)) and unless the loss is a Single Loss as defined in Section 4. and was sustained in its entirety after the retroactive date set forth above. All acts or omissions causing or contributing to such Single Loss (including acts or omissions causing a loss less than the Single Loss Deductible amount) must occur after the retroactive date for coverage under this bond to apply. Such Single Loss must be discovered by the Insured during the Bond Period.

Discovery of loss occurs when the Insured first becomes aware of facts which would cause a reasonable person to assume that a loss of the type covered by this bond has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when the Insured receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a loss under this bond.

Accepted:

_____

(INSURED)

By:_____

(OFFICIAL TITLE)

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DELETE DATA PROCESSING COVERAGE

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that
The attached bond is amended by

1. deleting Section 1.(o)(1) f., and

2. deleting “or any partner, officer or employee of any Processor” from the third paragraph of Section 13.

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INVESTOR LOSS PAYEE

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

Schedule

Name(s) and Address(es) of Investor(s)

It is agreed that:

1. In the event of loss affecting the interest of an **investor** named in the Schedule above, such **investor** shall be named on the loss payable draft as its interest may appear.
2. Any **investor** in the Schedule above shall be deemed to be a **secondary market institution**.

NOTICE OF CANCELLATION AMENDED

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that:

Subsection (a) of the first paragraph of the Section entitled TERMINATION OR CANCELATION is deleted in its entirety and substituted in lieu thereof is the following:

(a) [ ] days after the receipt by the Insured of a written notice from the Underwriter of its desire to cancel this bond, or

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ANNUAL AGGREGATE

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that:

1. Item 3 of the Declarations is deleted in its entirety and substituted in lieu thereof is the following:

   Item 3. The Aggregate Liability of the Underwriter for each **bond year** during the Bond Period shall be $

2. The following definition is added to Section 1. DEFINITIONS:

   Bond year means the period of one year following either the effective date of the Bond Period or any anniversary thereof, or if the time between the effective date or anniversary and the termination of this bond is less than one year, such lesser period.

3. The first and second paragraphs of Section 4. LIMIT OF LIABILITY are deleted and substituted in lieu thereof are the following:

   Aggregate Limit of Liability

   The Underwriter's total liability for all losses discovered during each **bond year** of the Bond Period shown in Item 2 of the Declarations shall not exceed the Aggregate Limit of Liability shown in Item 3 of the Declarations. The Aggregate Limit of Liability shall be reduced by the amount of any payment made under the terms of this bond.

   Upon exhaustion of the Aggregate Limit of Liability by such payments:

   (a) The Underwriter shall have no further liability for loss or losses regardless of when discovered and whether or not previously reported to the Underwriter, and

   (b) The Underwriter shall have no obligation under General Agreement E to indemnify the Insured for court costs and attorneys' fees incurred or to continue the defense of the Insured, and upon notice by the Underwriter to the Insured that the Aggregate Limit of Liability has been exhausted, the Insured shall assume all responsibility for its defense at its own cost.

4. Item (e) of the first paragraph of Section 13. TERMINATION OR CANCELLATION is deleted and substituted in lieu thereof is the following:

   (e) immediately upon exhaustion of the Aggregate Limit of Liability for the final **bond year** of the Bond Period; or

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CHANGE BOND/POLICY NUMBER

ZURICH

This rider/endorsement forms a part of and is issued by the Underwriter/Company of the bond/policy numbered below.

If this form is issued concurrently with the bond/policy, this Attaching Clause need not be completed.

To be attached to and form part of Bond/Policy No. Effective Date

It is agreed that

The Bond/Policy No. of the attached bond/policy is changed to .

PREMIUM RIDER

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that

The basic premium charged for the attached bond/policy for the period

from

to

is

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ARKANSAS AMENDATORY RIDER

ZURICH

This rider forms a part of and is issued by the Underwriter of the bond numbered below.

If this form is issued concurrently with the bond, this Attaching Clause need not be completed.

To be attached to and form part of Bond No. Effective Date

It is agreed that:

1. Item (a) of Section 13. TERMINATION OR CANCELLATION is deleted and replaced by the following:

   (a) 60 days after the receipt by the Insured of a written notice from the Underwriter of its desire to cancel this bond, as follows:

   Cancellation Of Bonds In Effect More Than 60 Days

   (i) If this bond has been in effect more than 60 days or is a renewal bond, the Underwriter may cancel only for one or more of the following reasons:

   1. nonpayment of premium;
   2. fraud or material misrepresentation made by the Insured or with the Insured's knowledge in obtaining the bond, continuing the bond or in presenting a claim under the bond;
   3. the occurrence of a material change in the risk which substantially increases any hazard insured against after bond issuance; or
   4. a material violation of a material provision of the bond.

   (ii) If the Underwriter cancels for:

   1. nonpayment of premium, the Underwriter will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first named Insured and any loss payee named in the bond at least 10 days before the effective date of cancellation.
   2. any other reason, the Underwriter will mail or deliver notice of cancellation to the first named Insured and any loss payee named in the bond at least 60 days before the effective date of cancellation, or

2. Three additional sections are added to the CONDITIONS AND LIMITATIONS as follows:

   NONRENEWAL

   (a) If the Underwriter decides not to renew this bond, the Underwriter will mail to the first named Insured shown in the Declarations or any loss payee named in the bond, written notice of nonrenewal at least 60 days before:

   (i) its expiration date; or

   (ii) its anniversary date, if it is a bond written for a term of more than one year or with no fixed expiration date.

   However, the Underwriter is not required to send this notice if nonrenewal is due to the first named Insured's failure to pay any premium required for renewal.

   (b) The Underwriter will mail its notice to the first named Insured's last known mailing address. If notice is mailed, proof of mailing will be sufficient proof of notice.

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REFUND OF PREMIUM

(a) If this bond is canceled, the Underwriter will send the first named Insured any premium refund due.

(b) We will refund the pro rata unearned premium if the bond is:

  (i) canceled by the Underwriter or at the Underwriter's request;

  (ii) canceled but rewritten with the Underwriter or in the Underwriter's company group;

  (iii) canceled because the Insured no longer has an insurable interest in the property or business operation that is the subject of this insurance; or

  (iv) canceled after the first year of a prepaid bond that was written for a term of more than one year.

(c) If the bond is canceled at the request of the first named Insured, other than a cancellation described in Items (b)(ii), (iii) or (iv), the Underwriter will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by the Underwriter to an amount less than the minimum premium for this bond.

(d) The cancellation will be effective even if the Underwriter has not made or offered a refund.

(e) If the first named Insured cancels the bond, the Underwriter will retain no less than $100 of the premium.

MULTI-YEAR POLICIES

The Underwriter may issue this bond for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

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Rate Information

Rate data does NOT apply to filing.

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty

Review Status: Approved 09/19/2007

Comments:

Attachment:

P&C Transmittal.pdf

Satisfied -Name: Cover Letter and Filing Memorandum

Review Status: Approved 09/19/2007

Comments:

Attachments:

AR CW-FD-26537 CL.pdf

Form Filing Memo 09.10.07.pdf

Effective January 1, 2006

Property & Casualty Transmittal Document (Revised 1/1/06)

1 . Reserved for Insurance Dept. Use Only

2. Insurance Department Use only	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

3.	Group Name	Group NAIC #
	Zurich North America	212

4.	Company Name(s)	Domicile	NAIC #	FEIN #
	Zurich American Insurance Company	NY	16535	36-4233459
	American Guarantee and Liability Insurance Company	NY	26247	36-6071400
	American Zurich Insurance Company	IL	40142	36-3141762
	Zurich American Insurance Company Illinois	IL	27855	36-2781080
	Colonial American Casualty & Surety	MD	34347	52-1096670
	Fidelity and Deposit Company of Maryland	MD	39306	13-3046577

5.	Company Tracking Number	CW-FD-26537

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Roderick Veranga 1400 American Lane Schaumburg, IL 60196-1056	Business Analyst	847-413-3054	847-605-7768	Roderick.veranga @mindspring.com

7.	Signature of authorized filer	Roderick Veranga
8.	Please print name of authorized filer	Roderick Veranga

Filing information (see General Instructions for descriptions of these fields)

9.	**Type of Insurance (TOI)**	Fidelity
10.	**Sub-Type of Insurance (Sub-TOI)**	23.0
11.	**State Specific Product code(s) (if applicable)[See State Specific Requirements]**	23.0
12.	**Company Program Title** (Marketing title)	Mortgage Bankers Select Bond
13.	**Filing Type**	☐ Rate/Loss Cost ☐ Rules ☒ Rates/Rules ☒ Forms ☐ Combination Rates/Rules/Forms ☐ Withdrawal ☐ Other
14.	**Effective Date(s) Requested**	New: Earliest Renewal: Earliest
15.	**Reference Filing?**	☐ Yes ☒ No
16.	**Reference Organization** (if applicable)	
17.	**Reference Organization # & Title**	
18.	**Company's Date of Filing**	
19.	**Status of filing in domicile**	☐ Not Filed ☒ Pending ☐ Authorized ☐ Disapproved

Property & Casualty Transmittal Document—

20.	**This filing transmittal is part of Company Tracking #**	CW-FD-26537

21.	**Filing Description** [This area should be similar to the body of a cover letter and is free-form text]

Dear Reviewer:

In accordance with the filing requirements of your state, we have enclosed for your review and approval the appropriate filing memorandum, forms, and transmittals in support of our Mortgage Bankers Select Bond.

The Fidelity and Deposit Companies have designed this new product called the Mortgage Bankers Select Bond to meet the needs of those involved in mortgage banking.

We request an implementation date of the earliest effective date permissible.

Should you have any questions regarding this filing, please feel free to contact me.

Sincerely,

Roderick Veranga
Business Analyst
Regulatory Services
Phone: (847) 413-3054
Fax: (847) 605-7768
Email: roderick.veranga@zurichna.com

22.	**Filing Fees** (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]

Check #:
Amount: $50

Forms $50 Sent EFT

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

ZURICH

Zurich North America

Head Office
1400 American Lane
Schaumburg, IL
60196-1056

Phone: 847-413-3054
Fax: 847-605-7768
roderick.veranga@
zurichna.com

SENT VIA SERFF
September 13, 2007

Arkansas Insurance Dept
1200 W. 3rd St
Little Rock, AR 72201-1904

Reference: **Mortgage Bankers Select Bond**

Company	**NAIC #**	**FEIN#**
American Guarantee & Liability Insurance Co.	212 26247	36-6071400
American Zurich Insurance Company	212 40142	36-3141762
Colonial American Casualty & Surety Co.	212 34347	52-1096670
Fidelity and Deposit Company of Maryland	212 39306	13-3046577
Zurich American Insurance Company	212 16535	36-4233459
Zurich American Insurance Company of Illinois	212 27855	36-2781080

Company Filing Number: CW-FD-26537

Dear Reviewer:

In accordance with the filing requirements of your state, we have enclosed for your review and approval the appropriate filing memorandum, forms, and transmittals in support of our Mortgage Bankers Select Bond.

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Sincerely,

Roderick Veranga
Business Analyst
Regulatory Services
Phone: (847) 413-3054
Fax: (847) 605-7768
Email: roderick.veranga@zurichna.com

ZURICH

Mortgage Bankers Select Bond (U-FIB-0007-A 06/07)

We are pleased to submit for your review and approval the bond and riders for a new financial institution bond – the Mortgage Bankers Select Bond (MBSB).

New forms are identified. The remaining forms (identified as "revised") were previously approved and are being amended as noted in the Comments section of the chart. FISB stands for Financial Institution Select Bond filed in 2001.

Enclosed are the following:

Form Number	Name	Comments
NEW **U**-FIB-0007-A CW 06/07	Mortgage Bankers Select Bond	New Product
NEW **U**-FIB-D-0007-A CW 06/07	Declarations	New Product
NEW **U**-FIB-D-0008-A CW 06/07	Table of Limits of Liability and Deductible Amounts	New Product
REVISED **U**-FIB-1001-B CW 06/07	Cancel Existing Rider	Previously approved for FISB
REVISED **U**-FIB-1002-B CW 06/07	Change of Name or Address	Previously approved for FISB
REVISED **U**-FIB-1007-B CW 06/07	Delete Restoration	Previously approved for FISB
REVISED **U**-FIB-1009-B CW 06/07	Named Insured	Previously approved for FISB
REVISED **U**-FIB-1010-B CW 06/07	Noncancelable	Previously approved for FISB
REVISED **U**-FIB-1024-B CW 06/07	Discovery Period	Previously approved for FISB
REVISED **U**-FIB-1027-B CW 06/07	Coinsurance	Previously approved for FISB
REVISED **U**-FIB-1034-B CW 06/07	Amend Bond Period	Previously approved for FISB
NEW **U**-FIB-1041-A CW 06/07	Retroactive Date	Establishes a retro date for the entire bond
NEW **U**-FIB-1042-A CW 06/07	Retroactive Date – Joint Insured	Establishes a retro date with respect to a joint insured
NEW **U**-FIB-1043-A CW 06/07	Retroactive Date – Consolidation, Merger, Purchase of Assets	Establishes a retro date with respect to acquired assets and/or liabilities
NEW **U**-FIB-1044-A CW 06/07	Delete EDP	Removes coverage for data processing organizations
NEW **U**-FIB-1046-A CW 06/07	Investor Loss Payee	Allows for the designation of specific investors
NEW **U**-FIB-1047-A CW 06/07	Amend Notice of Cancellation	Provides alternative to 60 days notice
NEW **U**-FIB-1048-A CW 06/07	Annual Aggregate	Implements an aggregate per bond year in lieu of per Bond Period

Form Number	Name	Comments
NEW **U**-FIB-1049-A CW 06/07	Premium Rider	
REVISED F270-A CW 06/07	Change Bond-Policy Number	To correct a bond/policy number
NEW **U**-FIB-2041-A AR 06/07	Arkansas Amendatory	Incorporates Arkansas statutory requirements