

**UNDERWRITTEN IN FEDERAL INSURANCE COMPANY OR
VIGILANT INSURANCE COMPANY**

Please note: The term "Applicant" as used in this APPLICATION refers to all entities for which coverage is desired. It is agreed that coverage is desired for the First Named Assured and those entities listed on the Schedule of Additional Named Assured.

A. GENERAL INFORMATION

1. a. Name of First Named Assured:

b. Address of First Named Assured:

(Street Address)

(City)

(State)

(Zip Code)

2. Please complete the Schedule of Additional Named Assured under Section H.

3. Name of Agent: _____

4. Does the Applicant anticipate in the next twelve (12) months:

a. Establishing or entering into any related or unrelated ventures?

YES NO

b. Providing any new services?

YES NO

If yes, to either or both, please provide, on a separate sheet, full details.

5. Has any transfer or acquisition of ten percent (10%) or more of the Applicant's voting stock by any person or related persons taken place within the previous three (3) years?

YES NO

If yes, please attach a schedule indicating the transfer(s), date(s) and individual(s) involved.

6. Have there been any changes in the Applicant's senior management or on its Board of Directors within the previous three (3) years?

YES NO

If yes, please provide, on a separate sheet, full details as to the changes and the reasons for those changes.

7. a. Has the Applicant entered into, been operating under, or been advised of a regulatory agency's intent to issue any consent agreements, special situation agreements, memoranda of understanding, cease and desist orders, or similar restrictions during the previous three (3) years?

YES NO

If yes, please provide, on a separate sheet, full details.

b. Indicate the date and regulatory agency conducting the last three (3) regulatory exams, excluding compliance, trust and EDP exams:

8. Is customer access to the Applicant's computer system, other than by Automated Teller Machine, permitted? YES NO

If yes, please provide, on a separate sheet, full details.

9. Are all customers, authorized to initiate wire transfers with the Applicant's wire transfer operation:

- a. Authorized by written agreement? YES NO
- b. Utilizing "PINS"? YES NO
- c. Recorded? YES NO
- d. Called back? YES NO

If no to any of the above, please provide, on a separate sheet, full details.

10. Are procedures in place for the special routing of all mail which is returned undeliverable? YES NO

If no, please provide, on a separate sheet, full details.

11. Do all locations providing safe deposit box services have a burglar alarm system that protects the safe deposit boxes by sound sensors? YES NO

If no, please describe, on a separate sheet, the alarm protection afforded safe deposit boxes.

B. STATISTICS

1. With respect to the Applicant, please provide the total number of:

- a. Employees: _____
- b. Branch Offices: _____
- c. Automated Teller Machines:
 - (a) In Branches: _____
 - (b) Unattended: _____
- d. Assets (as of _____) \$ _____
- e. Deposits (as of _____) \$ _____
- f. Loans (as of _____) \$ _____
- g. Rented Safe Deposit Boxes: _____

2. Please state the average overnight cash exposure at the Applicant's three (3) largest cash exposure locations:

- a. _____
- b. _____
- c. _____

C. EXTERNAL AUDITING PRACTICES

1. Has the Applicant made provisions for an annual audit program to be conducted by an outside certified public accounting firm (CPA)? YES NO

2. Has the CPA rendered an unqualified opinion for each of the last three (3) years? YES NO

If no, please provide, on a separate sheet, full details.

3. Has there been any change in the CPA used by the Applicant in the last three (3) years? YES NO

If yes, please provide, on a separate sheet, full details.

4. Has the Applicant complied with all recommendations made as a result of its most recent audit? YES NO

5. Does the Applicant plan any change in the audit program? YES NO
6. Does the CPA report directly to the Audit Committee of the Board of Directors? YES NO
7. Are all of the entities listed in Section H subject to the same outside audits and applicable internal controls, procedures and appropriate physical security standards? YES NO

If no, please provide, on a separate sheet, full details.

D. LENDING ACTIVITIES

1. With respect to the Applicant's total loans, please indicate how many are:
- a. Brokered loans: _____ % b. Purchased participations: _____ %
2. Are all new and renewal loan applications and accompanying documents required to be signed in the presence of the Applicant's bank officer? YES NO
- If no, please explain on a separate sheet what signature verification methods are used.
3. Are data and collateral involved with the granting of loans, including any loan participations, always verified as genuine on new and renewal loans before funds are disbursed? YES NO
- If no, please explain on a separate sheet what exceptions are made.
4. Is collateral kept under dual control? YES NO
- If no, please explain, on a separate sheet, full details.
5. Are any loan proceeds disbursed by cash? YES NO
- If yes, please provide, on a separate sheet, full details.
6. Are loans made outside of the Applicant's normal trade territory? YES NO
- If yes, please indicate the:
- a. Total number of loans: _____
- b. Total dollar amount: \$ _____
- c. Circumstances: _____
7. Please indicate the Applicant's maximum aggregated credit limit to any one customer. _____
8. During the past three (3) years, have assets classified by regulators as substandard, doubtful and loss totaled more than 40% of equity? YES NO
9. Are any loans to employees, officers and affiliated interests past due or have they been classified by a regulatory agency? YES NO
- If yes, please provide, on a separate sheet, full details including corrective action.

E. WORKPLACE PRACTICES

1. Does your company have:
 - a. An Employee Assistance Program (EAP)? YES NO
 - b. A progressive discipline policy? YES NO
 - c. A compliant/grievance resolution procedure? YES NO
 - d. A written policy on workplace violence that is circulated to all employees? YES NO
 2. Are supervisory and management employees trained to recognize, report and respond to potentially hostile employees or situations? YES NO
 3. Has the Applicant or any subsidiary in the past twelve months been involved with or contemplate in the next twelve months any layoffs, staff reductions or facility closings? YES NO
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F. LOSS EXPERIENCE

1.
 - a. Has the Applicant at any time during the past three (3) years put its insurance carrier on notice of any potential or actual losses under its bond program? YES NO

If yes, please provide, on separate sheet, full details.
 - b. If the Applicant has not had a bond at any time during the past three (3) years, have there been any losses that would have been submitted under a bond program if the Applicant had such bond? YES NO
 N/A
 2. Please summarize:
 - a. Any litigation/legal action settled within the past three (3) years or now pending that is not listed in question 1. immediately above; and/or
 - b. Any action which the Applicant has reason to anticipate may be filed against it or any Director, Officer or Employee, which would be a subject of coverage under a bond program.

If necessary, please provide, on a separate sheet, full details. **If not**, please check NONE
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G. OTHER INFORMATION

Please attach the following most recent Applicant information with this completed APPLICATION:

1. Fiscal Year Audited Financial Statement or Directors' Exam,
2. Annual Report,
3. CPA Letter of Recommendation to Management on Internal Controls, and Management's written response thereto, and
4. Call Report.

I. REQUESTED COVERAGES

BASIC INSURING CLAUSES	BASIC LIMITS	BASIC DEDUCTIBLE AMOUNT
Dishonesty - Employee	\$ _____	\$ _____
Dishonesty - Trade or Loan		
On Premises		
In Transit		
Forgery or Alteration		
Extended Forgery		
Automated Device		
Counterfeit Money		
Defective Signature		
Unauthorized Signature and Endorsement		
Servicing Contractor		
Computer System		
Extended Electronic Computer Crime		
Telefacsimile Instruction		
Voice Initiated Funds Transfer Instruction		
 OPTIONAL CLAUSES	 OPTIONAL LIMITS	 OPTIONAL DEDUCTIBLE AMOUNT
Cash Letter		
Stop Payment Order or Refusal to Pay Check	\$ _____	\$ _____
Check Kiting Fraud	\$ _____	\$ _____
Safe Deposit Box	\$ _____	\$ _____
Telephone Toll Call Fraud	\$ _____	\$ _____
Workplace Violence; A, B, C, D and E	\$ _____	\$ _____
Kidnap, Ransom and Extortion; A, B, C, D and E	\$ _____	\$ _____
Audit, Claims and Reward Expense; A, B and C	\$ _____	\$ _____

The undersigned persons declare that to the best of their knowledge the statements set forth above and in any attachments to this APPLICATION are true and correct, and that every reasonable effort has been made to obtain sufficient information to facilitate the proper and accurate completion of this APPLICATION. The undersigned agree that if any significant change in the condition of the Applicant is discovered between the date of this APPLICATION and the effective date of the Bond which would render this APPLICATION inaccurate or incomplete, notice of such change will be reported in writing to the COMPANY immediately and, if necessary, any outstanding quotation may be modified or withdrawn. The undersigned persons understand and further agree that the completion and signing of this APPLICATION neither binds the COMPANY to sell nor the Applicant to purchase the insurance.

PLEASE NOTE: ONLY DULY APPOINTED AGENTS OF THE COMPANY AND LICENSED BROKERS ARE AUTHORIZED TO SOLICIT APPLICATIONS FOR COVERAGE. AGENTS AND BROKERS ARE NOT AUTHORIZED TO BIND COVERAGE. NO COVERAGE SHALL BE PROVIDED UNLESS THE COMPANY ACCEPTS THE APPLICATION AND BINDS THE COVERAGE.

False Information:

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime.

False Information (Florida Only):

Any person who, knowingly and with intent to injure, defraud, or deceive any insurer, files a statement of claim or an Application containing any false, incomplete, or misleading information, is guilty of a felony of the third degree.

False Information (Louisiana Only):

Any person who, knowingly and with intent to deceive any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

False Information (Maine Only):

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.

False Information (Nebraska Only):

Any person who, knowingly and with the intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime, where such person subsequently submits a claim.

False Information (New Mexico Only):

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

False Information (New York Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals information concerning any material fact thereto, for the purpose of misleading, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

False Information (Oregon Only):

Any person, who knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading information concerning any material fact thereto, may be guilty of a insurance fraud.

False Information (Pennsylvania Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

False Information (Virginia Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent act, which is a crime.

First Named Assured: _____

By _____
Signature of Chief Executive Officer
(or other Senior Officer if the Chief Executive Officer
is also the Chairman, Board of Directors)

By _____
Signature of Chairman, Board of Directors

Date _____

Date _____

A bond cannot be issued unless the APPLICATION is properly signed and dated by the Chief Executive Officer (or other senior officer if the Chief Executive Officer is also the Chairman, Board of Directors) and the Chairman, Board of Directors.

NOTE: The APPLICATION and all attachments shall be treated in strictest confidence.