

# MISCELLANEOUS PROFESSIONAL LIABILITY INSURANCE ESCROW OPERATIONS SUPPLEMENT

## IMPORTANT NOTICE – NEW APPLICATION FORMAT

THIS APPLICATION IS A DOWNLOADABLE WORD TEMPLATE, WHICH CAN BE FILLED OUT ELECTRONICALLY AND TRANSMITTED VIA EMAIL. IN ORDER TO SAVE THIS APPLICATION TEMPLATE TO YOUR COMPUTER FOR USE, ENTER DATA INTO ANY FIELD AND CLICK THE  (EXIT) IN THE UPPER RIGHT OF THE APPLICATION WINDOW. THIS ACTION WILL BRING UP A PROMPT TO SAVE THE DOCUMENT TO YOUR OWN COMPUTER.  
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1. Name of the **Applicant's** firm: \_\_\_\_\_
  
2. a. Indicate total number of escrows closed by the **Applicant** during the past 12 months: \_\_\_\_\_  
 b. Value of the largest escrow: \$ \_\_\_\_\_  
 c. Average value per escrow: \$ \_\_\_\_\_
  
3. Indicate the percentage of the **Applicant's** income for escrow services derived from the following:
 

Commercial Loans	_____%
Residential Loans	_____%
Land Loans	_____%
Construction Loans	_____%
Other – describe: _____	_____%
TOTAL	100%
  
4. What portion of the **Applicant's** business comes from:
 

Real Estate Firms (no ownership by applicant)	_____%
Real Estate Firms (ownership interest by applicant)	_____%
Title Companies	_____%
Banks, Savings & Loans, Mortgage Companies	_____%
Private Owners and Builders	_____%
Other – describe: _____	_____%
TOTAL	100%
  
5. Does any client represent more than 25% of the **Applicant's** annual income?  Yes  No  
 If yes, please explain: \_\_\_\_\_
  
6. Does the **Applicant**:
 

Utilize a standardized set of instructions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Require signatures on all modifications of instructions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Internally audit escrow files prior to closing?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Have a regular audit conducted by an independent CPA firm?	<input type="checkbox"/> Yes <input type="checkbox"/> No
  
7. Does the **Applicant** perform or handle the following escrow services?  
 If yes, indicate percentage of total escrow operations.
 

Tax-deferred real estate exchanges	<input type="checkbox"/> Yes <input type="checkbox"/> No - _____%
Bulk transfers	<input type="checkbox"/> Yes <input type="checkbox"/> No - _____%
Liquor licenses or permits	<input type="checkbox"/> Yes <input type="checkbox"/> No - _____%
Refinance loan escrows	<input type="checkbox"/> Yes <input type="checkbox"/> No - _____%
Construction payment disbursements	<input type="checkbox"/> Yes <input type="checkbox"/> No - _____%
  
8. Does the **Applicant** currently have fidelity bond coverage in place?  Yes  No
  
9. Are there any other companies who own any percentage of the **Applicant's** company, does the **Applicant** own any percentage of any other company or is the **Applicant** in any other way affiliated with any other company?  Yes  No
  - a. If yes, advise who they are and explain the nature and extent of the relationship(s).
  - b. For which of these does the **Applicant** wish to extend coverage?
  
10. Does the **Applicant** have any written or oral agreements or understandings with any other company that involves the referral of business to or from the **Applicant's** company?  Yes  No
  - a. If yes, advise who they are and explain the nature and extent of the agreements or understandings.

- b. If yes, advise if and how any compensation is exchanged under the agreements or understandings.
- c. If yes, advise whether the relationships between the companies are disclosed to the individuals involved in the transactions involving these referrals.
- d. Please indicate if any such written agreements and/or any such disclosures have been reviewed by an attorney.

11. Is the **Applicant** a party to an “affiliated business arrangement” as defined by the Real Estate Settlement Procedures Act?  
 Yes  No

**THE REAL ESTATE SETTLEMENT PROCEDURES ACT DEFINES “AFFILIATED BUSINESS ARRANGEMENT” AS AN “ARRANGEMENT IN WHICH (A) A PERSON WHO IS IN A POSITION TO REFER BUSINESS INCIDENT TO OR A PART OF A REAL ESTATE SETTLEMENT SERVICE INVOLVING A FEDERALLY RELATED MORTGAGE LOAN, OR AN ASSOCIATE OF SUCH PERSON, HAS EITHER AN AFFILIATE RELATIONSHIP WITH OR A DIRECT OR BENEFICIAL OWNERSHIP INTEREST OF MORE THAN ONE PERCENT IN A PROVIDER OF SETTLEMENT SERVICES; AND (B) EITHER OF SUCH PERSONS DIRECTLY OR INDIRECTLY REFERS SUCH BUSINESS TO THAT PROVIDER OR AFFIRMATIVELY INFLUENCES THE SELECTION OF THAT PROVIDER.”**

- a. If yes, advise who the parties to the arrangement are, and describe the nature of the arrangement.
- b. If yes, advise whether “Affiliated Business Arrangement Disclosure Statements” are provided to the persons being referred.  
 Yes  No If yes, please provide a copy of such disclosure.
- c. If yes, advise whether the persons being referred are required to use any particular provider of real estate settlement services.
- d. If yes, advise what money or other thing of value is exchanged under the affiliated business arrangement.

12. To complete application, please submit copies of any preprinted escrow instruction forms and a copy of the **Applicant’s** escrow license.

**THIS ESCROW OPERATIONS SUPPLEMENT IS ATTACHED TO AND FORMS A PART OF THE MISCELLANEOUS PROFESSIONAL LIABILITY INSURANCE POLICY APPLICATION. IT IS SUBJECT TO THE SAME PROVISIONS CONCERNING REPRESENTATIONS MADE AS IN THE BASIC APPLICATION.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature/Title

**NOTE: THE SIGNATURE MUST BE THAT OF AN ACTIVE OWNER, PARTNER OR EXECUTIVE OFFICER OF THE APPLICANT’S FIRM.**

**WASHINGTON STATE ONLY** – Please provide complete list of limited practice officers: