

EVEREST NATIONAL INSURANCE COMPANY
COMMUNITY BANK APPLICATION

DIRECTORS & OFFICERS / COMPANY LIABILITY

EMPLOYMENT PRACTICES

FI BOND/CSD

FDIC No. _____

THE LIABILITY POLICIES WHICH MAY BE ISSUED BASED UPON THIS APPLICATION PROVIDE CLAIMS MADE COVERAGE WRITTEN ON A NO DUTY TO DEFEND BASIS. DEFENSE COSTS ARE INCLUDED WITHIN THE LIMIT OF LIABILITY. AMOUNTS INCURRED AS DEFENSE COSTS WILL REDUCE THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS. PLEASE READ YOUR POLICIES CAREFULLY.

Applicant _____	Address _____
Individual authorized to receive notices on behalf of all insureds:	City _____
Name _____	State/Zip Code _____
Title _____ E-mail _____	Mailing P.O. Box _____
Current GL and Property Carrier _____	City _____
GL and Property Policy Expiration Dates _____	State/Zip Code _____
Website _____	Phone _____

GENERAL INFORMATION

1. a. Bank is: Privately held Mutual Publicly Traded: Ticker Symbol _____ Exchange _____
- b. Percentage owned by insiders (directors, officers and employees): _____%
- c. List all persons or entities that own 10% or more of the Applicant's common stock (directly or beneficially):
 _____% Board representation? Yes No
 _____% Board representation? Yes No
2. Number of: _____ Employees (full and part-time) _____ Full Service Branches (including Main Office)
3. List all Subsidiaries and their most recent year-end net income/assets below or by attachment:

Name	Nature of Business	Parent Owner	% Owned	Date Established	Net Income	Total Assets

It is understood and agreed that no coverage will be provided for any subsidiary or entity unless listed in the Application and expressly agreed by the Insurer.

4. Has the Applicant completed a stock offering, merger or acquisition during the past 3 years or does it plan one in the next 12 months? **If the answer to Question 4 is Yes, provide details by attachment.** Past 3 Years Next 12 Months N/A
5. Indicate if there have been changes in any of the following positions during the past 3 years for reasons other than internal promotion, retirement or death (**provide details by attachment and attach resumes of any new hires**):
 No changes Chairman of the Board President and/or CEO Senior Loan or Operations Officer
6. Indicate if the following activities are now offered, or if the Applicant contemplates offering them within the next 12 months:
 Brokerage/Investment Advisory Services: Services are offered by: Applicant's own Employees (or) Dual Employees
 Insurance Services; If so, are any products other than Credit Life & Disability offered?
 Out-of-territory lending greater than 25% of total loans:
 Subprime lending or Payday lending:
 Loan Servicing (third party): Annual revenue: _____
 Loan Participations originated by a third party:
 Trust Services **If offered, complete the Trust Liability Application**

It is understood and agreed that coverage will not be provided for any service or activity unless checked above and expressly agreed to by the Insurer.

7. LEVELS OF REVIEW:

- a. Internal audits are performed: Monthly Quarterly Annually Other _____
- b. Loan reviews are performed: Monthly Quarterly Annually Other _____
- c. External audits are: Full-scope Directors-scope Annually Date of Audit _____
- d. Was the most recent audit opinion unqualified (favorable)? N/A Yes No
- e. Date of the most recent regulatory exam: _____ Regulatory Agency: _____
- f. During the past 3 years, has the Applicant been placed under, or to the best of your knowledge, does management anticipate:
 - i. any type of formal enforcement actions, orders or agreements; or Yes No
 - ii. any memorandums of understanding requiring public disclosure as dictated by securities law? Yes No
- g. Current level of internally classified assets: Substandard \$ _____ Doubtful \$ _____ Loss \$ _____

If the answers to Question 7(d) is No or 7(f) is Yes, provide details by attachment.

8. FIDUCIARY LIABILITY:

- a. Total Plan Assets: _____ Type of Plan: 401k ESOP Defined Benefits

9. EMPLOYMENT PRACTICES:

- a. Does the Applicant have a written manual of all personnel policies and procedures? Yes No
 - i. If Yes, does it include an employment-at-will statement? Yes No
 - ii. If Yes, does it include a Sexual Harassment Policy? Yes No
 - iii. If Yes, does it include a Discrimination Policy? Yes No
- b. Has employee turnover been under 25% in both of the past 2 years? Yes No
- c. Prior to terminating employees, does the Applicant seek legal counsel? Yes No

10. FRAUD PREVENTION MEASURES:

a. INTERNAL CONTROLS

- i. Are signatures on all loan documents obtained in the presence of a bank employee, attorney, closing agent, escrow agent or title company employee? Yes No
- ii. Are all loans prepared and disbursed by someone other than the officer approving the loan? Yes No
- iii. Does the Applicant utilize any real time or end-to-end banking platforms? Yes No
Please list _____
- iv. With respect to any real time or equivalent banking platform used by the Applicant, are duties sufficiently segregated such that one employee would be prevented from controlling a single transaction from origination to posting? Yes No
- v. If the answer to iv. is No, what compensating controls exist to mitigate the risk of fraud?
Please list _____
- vi. With the exception of any real time or equivalent banking platforms, is there a formal program requiring the segregation of duties, so that no single transaction be fully controlled from origination to posting by one employee? Yes No
If No, is there a formal program requiring the rotation of duties without prior notice thereof? Yes No
- vii. Are all employees required to take at least one consecutive week of vacation each year and are they prohibited from accessing their work stations, either on premises or remotely, during the vacation period? Yes No
- viii. Check kite suspect reports are reviewed: Daily Weekly Other _____ Not Reviewed

If any of the answers to Questions 10(a) are No, provide details by attachment.

b. COMPUTER SYSTEMS:

- i. Core Processing is outsourced. List Vendor: _____ Yes No

LOSSES, PENDING LITIGATION AND CLAIMS HISTORY

New Applicants Only

12. a. During the past 3 years, have there been or are there now any lawsuits, administrative charges or demands involving the Applicant, any subsidiary, or any past or present director, trustee, officer or employee? Yes No
- b. During the past 3 years, have there been any FI Bond losses in excess of \$5,000, whether reimbursed or not? Yes No
13. a. Does any director or officer have knowledge of any fact, circumstance or situation involving the Applicant, its Subsidiaries, or any past or present director, officer or employee, which could reasonably be expected to give rise to a future rise to claim? Yes No
- b. Has any carrier declined, cancelled or non-renewed any policy similar to the coverage herein applied for? Yes No
(Do not answer 13b. if the applicant resides in Missouri.)
14. During the past 3 years, have there been or are there now any lawsuits, administrative proceedings (EEOC, NLRB, Etc.), employee grievances or negotiated settlements involving the Applicant, any subsidiary, or any past or present director, trustee, officer or employee? Yes No
15. During the past 3 years, has the Applicant been made aware of any unauthorized access to information housed in the Applicant's computer systems, website, internet service provider, website host or core processor? Yes No
16. During the past 3 years, has the Applicant sustained a systems intrusion, tampering, hacking or similar incident that Resulted in damage to data, computer programs, a third party or other loss to the institution? Yes No

All Applicants

17. During the past 3 years, have there been or are there now any lawsuits, administrative charges or demands involving the Applicant, any subsidiary, or any past or present director, trustee, officer or employee? Yes No
18. Is the Applicant, any subsidiary or any past or present director, officer or employee a defendant in any lawsuit which could materially affect the financial condition of the Applicant or any subsidiary? Yes No
19. Are there any claims or potential claims that have not been reported to the Insurer involving the Applicant, any Subsidiary, or any past or present director, trustee, officer or employee? Yes No

If any of the answers in this section are Yes, provide details by attachment.

NEW APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT ANY CLAIM ARISING FROM ANY PRIOR OR PENDING LITIGATION OR WRITTEN OR ORAL DEMAND SHALL BE EXCLUDED FROM COVERAGE. IT IS FURTHER UNDERSTOOD AND AGREED THAT IF KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A CLAIM EXISTS, ANY CLAIM OR ACTION SUBSEQUENTLY ARISING THEREFROM SHALL BE EXCLUDED FROM COVERAGE.

RENEWAL APPLICANTS: IT IS UNDERSTOOD AND AGREED THAT IF THE UNDERSIGNED OR ANY INSURED HAS KNOWLEDGE OF ANY FACT, CIRCUMSTANCE OR SITUATION WHICH COULD REASONABLY BE EXPECTED TO GIVE RISE TO A FUTURE CLAIM, THEN ANY INCREASED LIMIT OF LIABILITY OR COVERAGE ENHANCEMENT SHALL NOT APPLY TO ANY CLAIM ARISING FROM OR IN ANY WAY INVOLVING SUCH FACTS, CIRCUMSTANCES OR SITUATIONS. IN ADDITION, ANY INCREASED LIMIT OF LIABILITY OR COVERAGE ENHANCEMENT SHALL NOT APPLY TO ANY CLAIM, FACTS, CIRCUMSTANCES OR SITUATIONS FOR WHICH THE INSURER HAS ALREADY RECEIVED NOTICE.

REPRESENTATION STATEMENT

The undersigned declare that, to the best of their knowledge and belief, the statements in this application, any prior applications, any additional material submitted, and any publicly available information published or filed by or with a recognized source, agency or institution regarding business information for the Applicant for the 3 years preceding the Bond/Policy's inception, and any amendments thereto [hereinafter called "Application"] are true, accurate and complete, and that reasonable efforts have been made to obtain sufficient information from each and every individual or entity proposed for this insurance. It is further agreed by the Applicant that the statements in this Application are their representations, they are material and that the Bond/Policy is issued in reliance upon the truth of such representations.

The signing of this Application does not bind the undersigned to purchase the insurance and accepting this Application does not bind the Insurer to complete the insurance or to issue any particular Bond/Policy. If a Bond/Policy is issued, it is understood and agreed that the Insurer relied upon this Application in issuing each such Bond/Policy and any Endorsements thereto. The undersigned further agrees that if the statements in this Application change before the effective date of any proposed Bond/Policy, which would render this Application inaccurate or incomplete, notice of such change will be reported in writing to the Insurer immediately.

FRAUD WARNINGS

ARKANSAS, LOUISIANA, NEW JERSEY, NEW MEXICO and VIRGINIA: 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. In Arkansas, Louisiana and Maryland, that person may be subject to fines, imprisonment or both. In New Mexico, that person may be subject to civil fines and criminal penalties. In Virginia, penalties may include imprisonment, fines and denial of insurance benefits.

COLORADO: It is unlawful to knowingly provide false, incomplete or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

DISTRICT OF COLUMBIA Warning: it is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person, penalties includes imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

Notice to **KANSAS** Applicants: any person who commits an act, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent act.

KENTUCKY and PENNSYLVANIA: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing materially false information or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. In the District of Columbia, penalties include imprisonment and/or fines. In addition, the Insurer may deny insurance benefits if the applicant provides false information materially related to a claim. In Pennsylvania and Oregon, the person may also be subject to criminal and civil penalties.

FLORIDA and OKLAHOMA: Any person who knowingly and with intent to injure, defraud or deceive the Insurer, files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony. In Florida it is a felony to the third degree.

MARYLAND: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

MAINE, TENNESSEE and WASHINGTON: 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 and/or denial of insurance benefits.

OHIO: Any person who, with intent to defraud or knowing that he is facilitating a fraud against the Insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

OREGON: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material to the content of the contract commits a fraudulent insurance act, which may be violating state law and may be subject to prosecution for insurance fraud.

Chief Executive Officer, President or Chairman of the Board:

Print Name:	Signature:
Title:	Date:

Chief Financial Officer or Equivalent Officer:

Print Name:	Signature:
Title:	Date:

A BOND/POLICY CANNOT BE ISSUED UNLESS THE APPLICATION IS SIGNED/DATED BY TWO INDIVIDUALS.

Agent Name _____

License Number _____

Agent Signature _____

Submit Application to:

ABA Insurance Services, Inc. • 3401 Tuttle Road, Suite 300 • Shaker Heights, OH 44122

Telephone: (800) 274-5222 • Fax: (800) 456-6590 • www.abais.com

ABA Insurance Services Inc., dba Cabins Insurance Services in CA; ABA Insurance Services of Kentucky Inc. in KY; and ABA Insurance Agency Inc. in MI