

# SERVICING AGENT ENDORSEMENT

This Endorsement Changes The Bond. Please Read it Carefully.

Certain words and phrases that appear in bold have special meaning as defined in the Intact form to which this Endorsement is attached.

The titles of sections or paragraphs listed below should not be considered for purposes of interpreting the intent of this Form; these titles have only been inserted for ease of reading.

In consideration of the payment of the premium, it is hereby understood and agreed that:

1. The attached "**Bond**" is amended by adding an additional **Insuring Agreement** as follows:

## SERVICING AGENT

Loss resulting directly from dishonest or fraudulent acts committed by a "**Servicing Agent**" acting alone or in collusion with others.

Such dishonest or fraudulent acts must be committed by the "**Servicing Agent**" with the manifest intent:

- (a) to cause the "**Insured**" to sustain such loss; and
- (b) to obtain financial benefit for the "**Servicing Agent**" or another person or entity.

As used in this **Insuring Agreement**, financial benefit does not include any benefits earned in the normal course of the agency relationship, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions.

2. For the purpose of this Endorsement "**Servicing Agent**" means a natural person, firm or corporation engaged or authorized by the "**Insured**" to perform any or all of the following:
  - (a) collect and record payments on real estate mortgage or home improvement loans made, held or assigned to the "**Insured**", and establish tax and insurance escrow accounts;
  - (b) manage real property owned by or under the supervision or control of the "**Insured**"; or
  - (c) perform other acts directly related to the above.

The term "**Servicing Agent**" shall be deemed to include the partners, officers and employees of such "**Agent**" and all such persons shall collectively be deemed to be one person for the purposes of paragraph 1. of this Endorsement.

3. In the **On Premises Insuring Agreement** any reference to an office of the "**Insured**" shall be deemed to include an office of a "**Servicing Agent**".
4. Two additional Sections are added to the "**Bond**" as follows:

## ASSIGNMENT OF RIGHTS

This "**Bond**" does not afford coverage in favour of any "**Servicing Agent**", and upon payment to the "**Insured**" by the "**Underwriter**" on account of any loss or losses for which such "**Servicing Agent**" is liable to the "**Insured**", an assignment of such of the "**Insured's**" rights and causes of action as it may have against such "**Servicing Agent**" by reason of such liability shall, to the extent of such payment, be given by the "**Insured**" to the "**Underwriter**", and the "**Insured**" shall execute all papers necessary to secure to the "**Underwriter**", the rights which are herein provided.

## INDIVIDUAL TERMINATION

This "**Bond**" terminates as to any partner, officer or employee of any "**Servicing Agent**":

- (a) as soon as any "**Insured**", or any director or officer of the "**Insured**" not in collusion with such person or the "**Servicing Agent**" or any director or officer of the "**Servicing Agent**" 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 "**Servicing Agent**" 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**" then in transit in the custody of such person; or
- (b) fifteen (15) days after the receipt by the "**Insured**" of a written notice from the "**Underwriter**" of its desire to cancel the "**Bond**" as to such person.

5. An additional exclusion is added to the "**Bond**" as follows:

This "**Bond**" does not cover loss resulting directly or indirectly from the complete or partial non-payment of, or default upon, any loan or transaction in the nature of a loan or extension of credit made to a "**Servicing Agent**", including any such loan or transaction established to provide funds for interim financing or "warehousing" of mortgage loans, whether procured in good faith or through fraud or false pretenses, or loss resulting directly or indirectly from the failure of the "**Servicing Agent**" to pay over "**Property**" held as security for any such loan or transaction.

6. Sub-paragraph (u) under **Section 2. EXCLUSIONS** of the attached "**Bond**" shall not apply to acts of a "**Servicing Agent**", as defined, except as set forth in paragraph 6. above.
7. The "**Underwriter's**" total liability for each loss under the foregoing **Servicing Agent Insuring Agreement**, is limited to the amount stated in the Declaration Page(s) for this Endorsement.
8. The Deductible applicable for each loss is the amount stated in the Declaration Page(s) for this Endorsement.

All other terms and conditions of this Policy remain unchanged.