



Name of Insurance Company
To Which Application is Made: LEXINGTON INSURANCE COMPANY("The Insurer")

CREDIT EXPOSURE SUPPLEMENTAL APPLICATION

INSTRUCTIONS: The term "Organization" referred to herein shall mean the Named Entity, Named Organization, Named Corporation, Named Sponsor or Named Insured or other policyholder designated in Item 1 of the Declarations of the proposed policy for which this Supplemental Application is being submitted (the "Proposed Policy") and its Subsidiaries and any other entity proposed for insurance.

1. Does the Organization originate or acquire sub-prime products? Yes No

2. Does the Organization securitize the sub-prime assets or retain them for investment purposes?
 Yes No

If "Yes", please answer the following:

a. Is the Organization experiencing difficulty securitizing assets at this time and does it expect to encounter such difficulties within the next three to six months? _____

b. What is the average amount of equity the Organization retains in its securitizations?

3. Does the Organization utilize financial guaranty insurance in conjunction with its securitizations?
 Yes No

If "Yes", please answer the following:

a. Is an entire securitization insured or just certain tranches? _____

b. With which monoline insurers does the Organization conduct business? _____

4. Please describe the percentage breakdown of the Organization's loan portfolio based on loans held for sale, loans held for investment, and retained loans.

a. Within each category listed in 4 above, please describe what percentage is agency backed as opposed to non-agency backed. _____

b. What percentage of your loan portfolio contains mortgages originated (or serviced) for clients with a FICO score between 629 and 659? _____ Below 620? _____

- c. What percentage of the Organization's loan portfolio held or in the form of retained interest contains sub-prime and Alt-A mortgages? _____
5. Who assists the Organization in determining its key assumptions with respect to valuation of its loan portfolio?

6. Please describe the current size and quality of any sub-prime related investments contained in the Organization's investment portfolio. _____

- a. Do you provide any type of disclosure letter or make any statement to clients advising them of these types of investments in their portfolio, other than through the risk factors disclosed in the offering document? Yes No
- b. Does the Organization invest in RMBS, CDOs, ABSs? Yes No
If "Yes", what amounts are invested in the same? _____
- c. Are the Organization's retained interests in securitizations rated/wrapped by monoline insurers?
 Yes No
7. Has the Organization received any inquiries from any regulators or commenced any internal investigations regarding any of their sub-prime business practices? Yes No
8. Please describe the current size and quality of the Organization's loan portfolio.
- Full income verification _____
 - Fixed rate mortgages _____
 - ARMs or option ARMs _____
 - Piggy-back loans _____
 - First lien versus second lien _____
 - Owner occupied _____
 - Geographically diverse _____
 - Prime versus sub-prime _____
9. How often and through what process does the Organization identify, assess, analyze, monitor and manage its exposure to sub-prime credit? _____

10. a. Please describe the Organization's sources of funding (e.g., CDOs, warehouse facilities, commercial paper, etc.).

- b. Which institutions provide the majority of the Organization's funding? _____

- c. Do any of the Organization's funding sources contain call, reset or "mark to market" provisions?
 Yes No
- d. Is the Organization relying heavily on short-term financing? Yes No
- e. Has the Organization recently had to liquidate any investments for working capital purposes or to meet financial obligations due to the declining credit environment? Yes No

11. Have there been or are there now pending, any claim(s), suit(s) or action(s) (including but not limited to any investigation) against any person or entity proposed for insurance under the Proposed Policy in connection with any sub-prime products, practices or activities? Yes No

If "Yes", please attach complete details.

12. Does any person or entity proposed for insurance under the Policy have knowledge or information of any act, error or omission which might give rise to a claim(s), suit(s), investigation(s) or action(s) under the Proposed Policy in connection with any sub-prime products, practices or activities? Yes No

If "Yes", please attach complete details.

It is agreed that with respect to questions 11 and 12 above, if such claim(s), suit(s), investigation(s), action(s), knowledge or information exists, then such claim(s), suit(s) investigation(s) or action(s) and any claim(s), suit(s), investigation(s) or action(s) arising therefrom or arising from such knowledge or information is excluded from coverage under the Proposed Policy.

The undersigned authorized officer of the Organization declares that to the best of his/her knowledge the statements set forth herein are true. Signing of this Supplemental Application does not bind the undersigned or the Insurer to complete the Proposed Policy, but it shall be acknowledged that the information provided in this Supplemental Application is incorporated into, attached to, and deemed a part of, the Proposed Policy and any application for insurance submitted in connection with the Proposed Policy should the Proposed Policy be issued.

Signed _____
(Applicant)

Date _____

Title _____
(Must be signed by President, Chairman,
Chief Executive Officer or Chief Financial Officer)