

# ISBA MUTUAL INSURANCE COMPANY

## SECURITIES SUPPLEMENT

PLEASE TYPE OR PRINT IN INK. If space is insufficient to answer any questions, please use Applicant letterhead. Please answer all questions completely.

Applicant Name: \_\_\_\_\_ Policy No.: \_\_\_\_\_

1. If submitted areas of practice include categories 9 (Bonds), 16a (Corporate Acquisitions/Mergers), 42c (Real Estate Development and Syndication), 43a-f (Securities); or if Applicant provided legal services in connection with the issuance, offering or sale of securities, was such representation in connection with:
- a. Registration of such issuance or sale under the Federal Securities Act of 1933?  Yes  No
  - b. Registration of such issuance or sale under state securities laws and in reliance upon the exemption from registration under Section 3 (a)(11) or Rule 504 under Section 3 (b) of the Act?  Yes  No
  - c. Registration of such issuance or sale under state securities laws in reliance upon an exemption from registration under the Act not described in Question 1b above? (This includes Municipal Bonds Issues.)  Yes  No
  - d. Reliance upon the exemptions from registration of such issuance or sale under Regulation A?  Yes  No
  - e. Reliance upon the exemption from registration of such issuance or sale under Section 4 (2), 3 (a) (11) or 3 (b) of the Act, or under state securities laws, in which no filing is made with any agency regulating the offering or sale of securities.  Yes  No
2. If the answer to Questions 1a, b, c, or d above is **YES**, has any member or former member of your firm engaged in what is commonly referred to as "due diligence" activities on behalf of underwriters in connection with the firm's representation?  Yes  No
3. In the past 5 years, has any member or former member of Applicant firm placed reliance upon exemption from registration of issuance or sale under Federal and State securities laws, which involved sales to more than ten persons without the preparation by the firm of offering documents to be presented to prospective purchasers describing the assets, management, securities or business of the issuer?  Yes  No
4. List the names, approximate years of experience in securities law practice and the approximate number of hours devoted to such securities law during the preceding 12 months, of the attorneys in Applicant firm who regularly engage in the representation of clients with regard to activities described under Questions 1a, b, c or d above. Indicate whether such persons have been employed by the SEC or any other state securities regulatory agency.

Attorney Name	Securities Experience (years)	Hours Last 12 months	Employed Dates With Regulatory Agency	Years Employed by Applicant Firm
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5. Does Applicant represent clients who are subject to the reporting requirements of Section 13 or 15 (d), or are registered under Section 12 of the Securities Exchange Act of 1934?  Yes  No

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## SECURITIES SUPPLEMENT (cont'd)

Applicant Name: \_\_\_\_\_ Policy No.: \_\_\_\_\_

6. In chronological order (most recent first), provide the following information as to the issuance or sale of securities under Questions 1a, b, c or d, and 3 above, for which a filing or exemption was made by Applicant firm, on behalf of a client, with the Federal Securities and Exchange Commission, or with any state agency which regulates the issuance or sale of securities, during the past, or for which a filing is expected to be made within the next 60 days.

Date Filed	Check Appropriate Agency		* Type of Security	Price Per Share or Unit	Book Value of Issuer (Before Offering)	# of Months in Business	Dollar Amount Sold	As Counsel For	# of Months a Client of the Firm	# of Purchasers	Disclosure Document Used	
	SEC	State									Yes	No

\* Includes: bonds, industrial revenue bond, financing bonds, municipal bonds, convertible debentures, limited partnerships, private placements, real estate syndication, federal securities, state securities and "blue sky" issues.

7. Does or has any member or former member of Applicant firm act or acted as an officer, director, trustee or general partner of any issuer listed under Question 6 above?  Yes  No

**If yes, please provide details on a separate sheet of Applicant letterhead and attach to this Supplement.**

8. Has any member, or former member, of Applicant firm accepted in payment or partial payment stocks, bonds, convertible debentures, or limited partnership, for any issuance or sale listed under Question 6 above?  Yes  No

**If yes, please provide details on a separate sheet of Applicant letterhead and attach to this Supplement.**

9. Has any member, or former member, of Applicant firm been named, or have knowledge of any facts which would indicate that the firm or any member of the firm may be named, as a party to or the subject of:

- a. A formal or informal investigation, or any administrative action, undertaken or conducted by the SEC or any state agency regulating securities?  Yes  No
- b. Any legal action brought under the Securities Act of 1933, the Securities Exchange Act of 1934 or any state statute regulating the offering or sale of securities?  Yes  No

**If the answer to Question 9a or b above is YES, please provide all relevant information concerning the investigation or action on a separate sheet of Applicant letterhead and attach to this Supplement.**

10. Are adequate steps taken to assure that:

- a. No improper solicitation or general advertising has occurred under Rule 502(c) of Regulation D of the Securities Act of 1933, Rule 134, or state exemption requirements?  Yes  No
- b. The purchaser is acquiring securities for his/her own account?  Yes  No
- c. When applicable, written disclosure is made to each purchaser as to the absence of registration?  Yes  No
- d. Written disclosure includes a description of resale restrictions?  Yes  No
- e. A legend is prominent on each certificate or document evidencing the restricted nature of the security?  Yes  No
- f. Every non-accredited investor is provided with the information required by Rules 505 and 506 and a list of any written information provided by the issuer to accredited investors?  Yes  No

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## SECURITIES SUPPLEMENT (cont'd)

Applicant Name: \_\_\_\_\_ Policy No.: \_\_\_\_\_

10. g. There is compliance with the "blue-sky" laws and regulations of the states in which the particular offering is being made?  Yes  No
- h. The payment of various fees relating to the sale of the securities offered is made to permissible parties?  Yes  No
- i. The integration rules of 501(c) are considered in determining whether a Regulation D exemption is available?  Yes  No
11. Does Applicant firm participate in either the preparation or review of projections?  Yes  No
12. Does Applicant firm comply with SEC Industry Guide 5 disclosure requirements on real estate syndication?  Yes  No
13. In the offerings listed under Question 6 above, were the following issues addressed:
- a. Changes in issuer's operation which are material to the project's economic success of tax benefit?  Yes  No
- b. Evidence of a breach of duty or self-dealing by the general partners or managers of the project?  Yes  No
- c. Indications that the prior experience of management, the issuer or their affiliates are inadequate?  Yes  No
- d. Relationships between the issuer and other entities?  Yes  No
- e. Evidence that the issuer's assets are over-valued?  Yes  No
- f. Tax risks of the investment?  Yes  No
- g. Indications that the funds of the program may have been co-mingled with the funds of others?  Yes  No
- h. The nature, extent and source of the issuers financing?  Yes  No
- i. Indications that future capital contributions or assessments by the limited partnership may be required?  Yes  No
- j. Financial stability of the general partner?  Yes  No
- k. Remuneration to the general partner for selling limited partner units?  Yes  No
- l. Conflicts of interest?  Yes  No
- m. Adequacy of net proceeds of offering to conduct the limited partnership's business?  Yes  No
- n. Adequacy of disclosure regarding fees paid to affiliates?  Yes  No

14. How does Applicant firm assure "blue-sky" compliance in multi-state offerings?

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15. Are specific records as to each offeree that is contacted, kept and maintained by Applicant firm?  Yes  No

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## SECURITIES SUPPLEMENT (cont'd)

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16. Explain Applicant firm's approach to advising clients as to suitability standards in offerings to non-accredited investors. **(If space is insufficient to answer, please use a sheet of Applicant letterhead, and attach to Supplement.)**
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17. In offerings using Rule 147 or Section 3 (a) (11) exemptions, does Applicant firm:

- a. Obtain information relative to where the issuer will conduct its business?  Yes  No  
b. Explain resale restrictions?  Yes  No

18. Does Applicant firm require, subject to the disqualification provisions of either Rule 505 or state law "bad boy provisions," sworn affidavits broad enough to provide a "reasonable belief" defense?  Yes  No

19. Please explain Applicant firm's due diligence procedures when encountering activity from promoters or sponsors with which firm has had no previous dealings or experience.
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20. Does Applicant firm require a "cold review" of every offering, memorandum or circular?  Yes  No

21. Will Applicant firm accept offerings on a "contingent on closing" payment basis?  Yes  No

22. Who handles the tax issues on Applicant firm's syndication work?
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23. If outside counsel is used on the tax work, does Applicant firm require evidence of professional liability insurance?  Yes  No

**I/We affirm that the information contained herein is true and complete to the best of my/our knowledge and that it shall be the basis of the policy of insurance and deemed incorporated therein, should the Company evidence its acceptance of this application by issuance of a policy.**

Signature of Owner, Partner, or Officer \_\_\_\_\_ Date \_\_\_\_\_

Print Name \_\_\_\_\_ Title \_\_\_\_\_

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