

General Star National Insurance Company
P.O. BOX 10360
STAMFORD, CONNECTICUT 06904-2354
(A stock insurance Company, herein called the Company)

NOTICE

REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY

THIS IS A CLAIMS-MADE AND REPORTED POLICY

THIS REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY PROVIDES COVERAGE ON A CLAIMS-MADE AND REPORTED BASIS. THE COVERAGE PROVIDED BY THIS POLICY IS LIMITED TO ONLY THOSE **CLAIMS**, THAT ARISE FROM **PROFESSIONAL SERVICES** RENDERED ON OR AFTER THE RETROACTIVE DATE AS STATED ON THE DECLARATIONS PAGE AND BEFORE THE END OF THE **POLICY PERIOD**, WHICH ARE FIRST MADE AGAINST THE **INSURED** DURING THE **POLICY PERIOD** AND FIRST REPORTED IN WRITING TO THE COMPANY DURING THE **POLICY PERIOD** OR APPLICABLE EXTENDED REPORTING PERIOD.

PLEASE REVIEW THE POLICY CAREFULLY, THIS POLICY CONTAINS IMPORTANT EXCLUSIONS AND CONDITIONS. ALL WORDS OR PHRASES (OTHER THAN CAPTIONS) THAT ARE PRINTED IN BOLD FACE ARE DEFINED IN THE POLICY. PLEASE DISCUSS ANY QUESTIONS CONCERNING THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

WHAT TO DO IN CASE OF A CLAIM

THE **Named Insured** must comply with the reporting procedures of **Section V – DUTY TO REPORT A POTENTIAL CLAIM OR CLAIM(S)** of this Policy by contacting the Company in writing as follows:

General Star Management Company
Casualty Claims
P.O. Box 1255
Stamford, CT 06904
Fax: 866-914-3151
E-Mail: GStarClaims@generalstar.com

Note: Failure to promptly report a **Claim** could jeopardize your coverage

IMPORTANT

This Policy is not effective unless a Declaration Page is issued.

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SPECIMEN

REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY

THIS IS A CLAIMS-MADE AND REPORTED POLICY. PLEASE REVIEW THE POLICY CAREFULLY.

General Star National Insurance Company, herein called the Company, agrees with the **Named Insured** as shown in the Declarations Page which is made a part of this Policy, in consideration of the payment of the premium, and in reliance upon the statements on the **Application** and the Declarations Page and subject to the Limits of Liability, exclusions, conditions and other terms of this Policy, as follows:

SECTION I - COVERAGE

A. Damages

The Company will pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as **Damages** for **Claims** first made against the **Insured** during the **Policy Period** and first reported to the Company in writing during the **Policy Period** or applicable Extended Reporting Period, arising out of any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** by an **Insured**; provided always that such act, error, omission or **Personal Injury** takes place:

1. During the **Policy Period**; or
2. Prior to the **Policy Period** provided that:
 - a. Such act, error, omission or **Personal Injury** took place on or after the Retroactive Date as stated on the Declarations Page of this Policy; and
 - b. At the Inception Date of this Policy no **Insured** had knowledge of any fact, circumstance, situation, act, error, omission or **Personal Injury** that may reasonably be expected to give rise to a **Claim(s)** or **Suit** against an **Insured**.

B. Defense

The Company shall have the right and duty to defend any **Claim** against the **Insured** seeking **Damages** to which this insurance applies even if any of the allegations of the **Claim** are groundless, false or fraudulent. However, the Company shall have no duty to defend the **Insured** against any **Suit** seeking **Damages** to which this insurance does not apply. For **Claims** covered by this Policy, the Company, at its option, shall select and assign defense counsel; however, the **Insured** may engage additional counsel, solely at its own expense, to associate in the defense of any covered **Claim**. The **Insured** shall not assume any obligations, incur any costs, charges, or expenses or enter into any settlement without the Company's consent.

The Company shall also have the right to negotiate the settlement, as it deems expedient, but the Company shall not commit the **Named Insured** to any settlement without the **Named Insured's** consent. If the **Named Insured** refuses to consent to any settlement recommended by the Company, and elects to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the Company shall be relieved of any further duty to defend the **Claim**. Thereafter, the Company shall have the right, but not the obligation, to withdraw from further defense of such **Claim** by tendering control of said defense to the **Insured**. The maximum amount the Company shall pay for **Damages** and **Claims Expenses** shall not exceed the amount for which the **Claim** could have been settled, including the **Claims Expenses** incurred or authorized by the Company up to the date of such refusal.

In no event shall the Company be obligated to pay **Damages** or **Claims Expenses** or to defend, or continue to defend, any **Suit** after the applicable Limit of Liability as stated on the Declarations Page has been exhausted by payments of **Damages** or **Claims Expenses**.

C. Coverage Extensions

Subject to Paragraphs A and B above, the following coverage extensions are made part of this insurance.

1. **Fair Housing Discrimination**

Claims based on or arising out of **Fair Housing Discrimination** will be subject to a sub-limit of \$100,000 in the aggregate, regardless of the number of **Claims** per **Policy Period**, for **Damages** and/or **Claims Expenses** that shall be a part of, and not in addition to, the applicable Limit of Liability as shown on the Declarations Page.

2. **Open House**

Claims based on or arising out of an **Open House** will be subject to a sub-limit of \$50,000 in the aggregate, regardless of the number of **Claims** per **Policy Period**, for **Damages** and/or **Claims Expenses** that shall be a part of, and not in addition to, the applicable Limit of Liability as shown on the Declarations Page.

SECTION II – WHO IS INSURED

Each of the following is an **Insured** under this Policy to the extent set forth below:

- A. If the **Named Insured** is designated as an independent contractor in the **Application**, then coverage is only afforded to the individual designated as the **Named Insured** on the Declaration Page;
- B. The entity or person designated as the **Named Insured**;
- C. Any **Predecessor Firm** or **Successor in Business** of the **Named Insured**;
- D. Any past or present partners, officers, directors, stockholders, members, managing members or employees of any person or entity specified in Paragraphs A or B of this Section, but only with respect to **Claims** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** that took place while acting within the scope of their duties on behalf of such person or entity and while employed by such person or entity;
- E. Any **Salesperson**, **Short Term Escrow Agent** or licensed real estate appraiser but only with respect to **Claims** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** on behalf of any person or entity specified in Paragraphs B or C of this Section;
- F. Any Franchisor(s) of the **Named Insured**, but only when such Franchisor(s) is named in a **Claim** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** by any **Insured** other than the Franchisor(s).
- G. The estate, heirs, executors, administrators, assigns and legal representatives of an **Insured** in the event of such **Insured's** death, incapacity, insolvency or bankruptcy, but only to the extent that such **Insured** would have been provided coverage under this Policy.
- H. The lawful spouse or qualifying domestic partner of any past or present partner, officer, director, member, managing member or employee of any person or entity specified in Paragraphs A, B or C of this Section, but only with respect to **Claims** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** on behalf of any person or entity specified in Paragraphs A, B or C of this Section. The Company has no obligation under this Policy to pay **Damages** or **Claim Expenses**, or to provide a defense, in connection with any **Claim** arising from any act or services actually or allegedly provided by the spouse or domestic partner of any individual to whom this Policy otherwise provides coverage.
- I. Any personal assistant of an **Insured** who is a past or present partner, officer, director, member, managing member, employee or **Salesperson** of any person or entity specified in Paragraphs B or C of this Section but only with respect to **Claims** arising out of any act, error, omission or **Personal Injury** in the rendering or failure to render **Professional Services** on behalf of any person or entity specified in Paragraphs B or C of this Section.

SECTION III – LIMITS OF LIABILITY AND DEDUCTIBLE

- A. The Limits of Liability shown on the Declaration Page and the rules below, establish the most the Company will pay regardless of:
1. **Insureds**;
 2. **Claims** made or **Suits** brought; or
 3. Persons or organizations making **Claims** or bringing **Suits**.
- B. The “Aggregate” Limit of Liability as shown on the Declaration Page is the most the Company will pay for the sum of all **Claims** covered by the Policy, as follows:
1. In the event **Claims Expenses** are included within the Limit of Liability as shown on the Declaration Page, the “Aggregate” Limit of Liability is the most the Company will pay for **Damages** and **Claims Expenses** resulting from all **Claims** covered by this Policy ; or
 2. In the event **Claims Expenses** have a separate Limit of Liability as shown on the Declaration Page, the “Aggregate” Limit of Liability is the most the Company will pay for **Damages** resulting from all **Claims** covered by this Policy. A separate “Aggregate” Limit of Liability, in an amount equal to the “Aggregate” Limit of Liability applicable to **Damages**, is the most the Company will pay for **Claims Expenses** resulting from all **Claims** covered by this Policy.
- C. Subject to Paragraph B. above, the “Each **Claim**” Limit of Liability as shown on the Declaration Page is the most the Company will pay for each **Claim** covered by this Policy as follows:
1. In the event **Claims Expenses** are included within the Limit of Liability as shown on the Declaration Page, the “Each **Claim**” Limit of Liability is the most the Company will pay for **Damages** and **Claims Expenses** resulting from each **Claim** covered by this Policy; or
 2. In the event **Claims Expenses** have a separate Limit of Liability as shown on the Declaration Page, the “Each **Claim**” Limit of Liability is the most the Company will pay for **Damages** resulting from each **Claim** covered by this Policy. A separate “Each **Claim**” Limit of Liability, in an amount equal to the “Each **Claim**” Limit of Liability applicable to **Damages** is the most the Company will pay for **Claim Expenses** resulting from each **Claim** covered by this Policy.
- D. Subject to Paragraph B. or C. above, whichever applies, all related **Claims** or all **Claims** based upon or arising from the same act or related acts, errors, omissions or **Personal Injuries** regardless of the number of **Insureds**, **Claims**, **Suits** filed, or persons or organizations making **Claims** or filing **Suits** shall be considered a single **Claim** for the purpose of this insurance, and shall be subject to the same Limit of Liability. All such **Claims** shall be considered first made at the earliest of the date the first **Claim** was made or the date the act, error, omission or **Personal Injury** was first reported to the Company.
- E. All related acts, errors, omissions or **Personal Injuries** are deemed to have taken place at the time the first related act, error, omission or **Personal Injury** took place.
- F. Subject to Paragraph B. or C. above, whichever applies, the Company will pay only in excess of the applicable Deductible as shown on the Declaration Page, as follows. If the Deductible applies to:
1. “**Damages Only**” as shown on the Declaration Page, the **Insured’s** obligation to pay **Damages** as the result of any single **Claim** shall be the Deductible amount specified as “Each **Claim**” shown on the Declaration Page. The Company will pay **Damages** from each covered **Claim** in excess of that amount in addition to all **Claims Expenses** resulting from each covered **Claim**; or
 2. “Both **Damages** and **Claims Expenses**” as shown on the Declaration Page, the **Insured’s** obligation to pay both **Damages** and **Claims Expenses** as the result of any single **Claim** shall be the Deductible amount specified as “Each **Claim**” shown on the Declaration Page. The Company will pay **Damages** and **Claims Expenses** from each **Claim** covered by this Policy in excess of that amount.
- G. Subject to Paragraph F. above, if this Policy provides separate “Aggregate” Limits of Liability for **Damages** and

for **Claim Expenses**, and the Deductible amount applies to “Both **Damages** and **Claim Expenses**”, the **Insured** is obligated to pay the Deductible amount once per “Each **Claim**” for the combined costs of **Damages** and **Claims Expenses**.

- H. The **Named Insured** shall remit the applicable Deductible within thirty (30) days of the Company’s written demand.
- I. The Limits of Liability apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the Inception Date of the **Policy Period** shown on the Declarations Page, unless the **Policy Period** is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Liability.
- J. In the event the **Insured** participates in an **Alternative Dispute Resolution** to settle a **Claim**, the Company will waive 50% of the **Named Insured’s** Deductible obligation. However, if the **Alternative Dispute Resolution** fails to resolve the **Claim**, and the **Claim** proceeds to litigation, the full Deductible as shown on the Declarations Page will apply without the 50% waiver to any **Damages** and **Claims Expenses** incurred once the litigation has commenced. The maximum amount of this waiver shall not exceed \$25,000 per **Claim**.
- K. The **Named Insured’s** obligation to pay the Deductible as shown on the Declarations Page shall be waived for amounts not exceeding \$5,000, provided that the following conditions are met and documentation of such is provided to the Company with notice of **Claim**:
 1. A seller disclosure form was signed by the seller and acknowledged by the buyer prior to closing;
 2. A home inspection was completed and a copy was provided to the buyer prior to closing or a home inspection was waived in writing by the buyer prior to closing; and
 3. A state or local board approved standard sales contract was utilized.

The **Named Insured’s** obligation to pay the Deductible as shown on the Declarations Page shall not be waived if any **Insured** individually acted as both buyer’s and seller’s agent in the transaction, which gave rise to a **Claim**.

- L. There are no separate or additional Limits of Liability for any Extended Reporting Period.

SECTION IV – TERRITORY

To be covered under this Policy, a **Claim** must be made and maintained, and a **Suit**, if any, must be brought and maintained within the United States of America, its territories, possessions, Puerto Rico or Canada.

SECTION V – DUTY TO REPORT A POTENTIAL CLAIM OR CLAIM(S)

A. Duties in the Event an Insured Becomes Aware of a Potential Claim

If, during the **Policy Period**, an **Insured** becomes aware of any act, error, omission or **Personal Injury**, which took place on or after the Retroactive Date, as stated on the Declarations Page of this Policy, or during the **Policy Period**, that might reasonably be expected to give rise to a **Claim**, the **Insured** must notify the Company in writing as soon as practicable, but in no event later than the end of the **Policy Period**. Any **Claim** that subsequently arises out of such act, error, omission or **Personal Injury** shall be considered to be a **Claim** made and reported during the **Policy Period** in which such written notice of the potential **Claim** was first received by the Company. Such notice of potential **Claim** shall include all demand letters and the fullest information obtainable surrounding the act, error, omission or **Personal Injury**.

B. Duties In the Event of a Claim

If, during the **Policy Period** or applicable Extended Reporting Period, a **Claim** is made against any **Insured** to which this insurance applies, the **Insured** must:

1. Immediately record the specifics of the **Claim** or **Suit** and the date received;
2. Provide the Company with written notice of the **Claim** or **Suit** as soon as practicable, but in no event after the end of the **Policy Period** or any applicable Extended Reporting Period; and
3. Immediately send the Company copies of any demand letters, pleadings, notices, summonses, or other legal papers received in connection with the **Claim** or **Suit**.

SECTION VI – SUPPLEMENTARY PAYMENTS

A. Supplementary Payments

The Company will pay, in addition to the applicable Limit of Liability:

1. Reasonable and necessary expenses incurred by the **Insured** at the Company's request to assist the Company in the investigation of a **Claim**, including up to \$750 each day for an individual **Insured's** actual loss of earnings because of the **Insured's** attendance at a trial, hearing or arbitration proceeding involving a **Suit** against the **Insured** for covered **Damages**, but the amount so payable for any one or series of trials, hearings or arbitration proceedings arising out of the same act, error, omission or **Personal Injury** shall in no event exceed a limit of \$15,000 for each individual **Insured** and subject to a maximum limit of \$50,000 in the aggregate per **Policy Period** for all **Insureds**.
2. Up to \$10,000 in the aggregate regardless of the number of **Supplementary Payment Requests**, for attorney's fees, and other costs, expenses or fees of the **Insured** resulting from the investigation or defense of a proceeding before a state licensing board, local real estate board or governmental regulatory body incurred as the result of a notice of a proceeding excluding commission or fee disputes.
3. Up to \$10,000 in the aggregate regardless of the number of **Supplementary Payment Requests**, for attorney's fees and other costs, expenses or fees resulting from a subpoena to an **Insured** for documents or testimony arising out of **Professional Services** covered under this Policy, provided that:
 - a. The subpoena arises out of a **Suit** to which no **Insured** is a party; and
 - b. No **Insured** has been engaged to provide advice, expert witness or testimony in connection with the **Suit**, nor has any **Insured** been engaged to provide such advice, expert witness or testimony in the past.

Immediately upon any **Insured** becoming aware of any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** that could reasonably be expected to be the basis of a **Claim**, written notice shall be given by the **Insured**, or its representatives, to the Company, together with the fullest information obtainable.

4. Up to \$5,000 in the aggregate, regardless of the number of **Supplementary Payments Requests**, from the **Costs of Third Party Notification**, as required by applicable State or Federal Privacy statutes, due to the loss, disclosure or dissemination of confidential data as a result of an **Insured's** act, error, omission, or **Personal Injury**, and for the cost or fees for services of outside consultants or firms retained by the **Named Insured**:
 - a. To mitigate, prevent, or decrease the possibility of further loss as a result of **Electronic Information Damages**;
 - b. To investigate and verify the cause, amount or extent of **Electronic Information Damages**;
 - c. To contain, eradicate and recover the loss, disclosure or dissemination of confidential data as a result of **Electronic Information Damages**.

Costs of Third Party Notification and **Electronic Information Damages** must be incurred by the **Named Insured** during the **Policy Period**.

5. Up to \$5,000 in the aggregate, regardless of the number of **Supplementary Payment Requests**, for direct loss of or damage to the personal property of the **Named Insured** or personal property of the client, held in an **Insured's** care, custody and control, resulting from **Dishonest Acts** committed by any employee acting alone or in collusion with other persons. However, this paragraph does not apply to **Dishonest Acts**

committed by any agent, broker, commissioned merchant, consignee or independent contractor.

6. Prejudgment interest awarded against the **Insured** on that part of the judgment the Company pays.
7. Post-judgment interest on the full amount of any judgment that accrues after entry of the judgment and before the Company has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Liability.

B. Supplementary Payments Conditions

1. Supplementary Payments shall apply to **Supplementary Payment Requests** first made against the **Insured** during the **Policy Period** and first reported to the Company in writing during the **Policy Period** or any applicable Extended Reporting Period, arising out of any act, error, omission, **Personal Injury** or, when applicable, **Dishonest Acts** in the rendering of or failure to render **Professional Services** by the **Insured**; provided always that such act, error, omission, **Personal Injury** or, when applicable, **Dishonest Acts** take place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**. However, this Policy shall not afford coverage for Supplementary Payments if at the inception of the **Policy Period** the **Insured** had knowledge of any fact or circumstance that may reasonably be anticipated to give rise to a **Supplementary Payment Request**.
2. The Deductible amount shown on the Declarations Page shall not apply to any Supplementary Payments.

SECTION VII - EXCLUSIONS

The Company has no obligation under this Policy to pay **Damages** or **Claims Expenses** or to provide a defense, in connection with any **Claim(s)**:

A. Under any part of this Policy if based on or arising out of the following:

1. Any:
 - a. Dishonest, fraudulent, criminal, knowingly wrongful, willful, malicious or intentional act, error, omission or **Personal Injury**;
 - b. Intentional misrepresentation; or
 - c. Willful, intentional or knowing violation of the laws, statutes, rules or regulations (including, but not limited to the Racketeer Influenced and Corrupt Organizations Act (RICO), or other actual or alleged violations of state or federal anti-trust, price-fixing, restraint of trade or deceptive trade practice laws, rules or regulations).

However, this exclusion shall not apply to strictly vicarious liability of an innocent **Insured**, whose conduct, as stated in this exclusion, was not committed by, at the direction of or with the knowledge of such innocent **Insured**.

The **Insured** shall reimburse the Company for all **Claim Expenses** incurred if the **Insured's** acts, errors, omissions or **Personal Injury** are found to be a conduct stated in this exclusion.

2. Any disputes involving any **Insured's** fees, commissions or charges, the failure to pay or collect premium, escrow or tax money, or the conversion, misappropriation, commingling or embezzlement of funds or other property. However, in the event a **Claim** is made against an **Insured** seeking both the return of escrow money and alleging an act, error, omission or **Personal Injury** in the performance of **Professional Services** covered under this Policy, the Company will defend such **Claim** without any obligation to reimburse the **Insured** for the payment of monies held as escrow.
3. Any action, including any actual or threatened legal action, made by any **Insured** against any other **Insured**. However, this exclusion does not apply to a **Claim** arising solely out of **Professional Services** by such any other **Insured** in a broker-client relationship with the **Insured**, who made the **Claim**; provided further that the **Insured**, who made the **Claim**, was not acting within the scope of duties for the **Named Insured**, as described by **SECTION II – WHO IS INSURED**, when **Professional Services** took place.

4. The rendering of or failure to render **Professional Services** by any **Insured** serving in any position or in any capacity for any entity not listed on the Declarations Page.
5. Any:
 - a. **Bodily Injury**; or
 - b. **Property Damage**; however, the exclusion for **Property Damage** does not apply to the extent coverage is described in this Policy, to **Claims** arising out of **Electronic Information Damages**, employee **Dishonest Acts**, **Lock Box** or **Open House**.
6. Any actual or alleged violation of any workers' compensation, unemployment compensation, disability or pension benefits law, or any similar laws, including but not limited to, the Employee Retirement Income Security Act of 1974 (ERISA), or any of its amendments, or any other similar state or local law, or any non-qualified plan, while any **Insured** is acting as a fiduciary with the meaning of said laws.
7. Any actual or alleged violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any state "blue sky" or securities law, or any similar state or federal statutes, or common law principles of liability.
8. The rendering of or failure to render **Professional Services** by any **Insured** in the representation of clients in any securities transaction (either registered or exempt) including but not limited to bond or other debt offerings, public stock offerings, property syndication or real estate investment trusts.
9.
 - a. The sale or purchase of insurance or bonds; or
 - b. The failure to effect, maintain or advise of the need for, adequate levels or types of insurance or bonds.
10. Any liability assumed by an **Insured** under any oral or written contract or agreement, including any warranty, except that this exclusion shall not apply to liability the **Insured** would have in the absence of such contract, agreement or warranty.
11. Any activities of an **Insured** as a mortgage banker, mortgage counselor, mortgage broker, **Business Broker**, independent third party escrow agent, contractor, **Construction Manager**, construction advisor, builder, construction or property inspector, property developer, insurance agent, insurance broker, asset manager, title abstractor, attorney or title agent.
12. The actual or attempted purchase of real property by any **Insured**.
13.
 - a. The formation, syndication, operation or administration of any property syndication, real estate investment trust or any other form of corporation, general or limited partnership or joint venture formed for the purpose of investing in, buying, or selling real property including those syndications, trusts, corporations, partnerships or joint ventures in which an **Insured** has, had or intended to have a participating interest directly or indirectly in the profit or losses thereof; or
 - b. The actual or attempted sale, leasing or **Property Management** of property developed, constructed or owned by:
 - (1) **Any Insured**;
 - (2) Any entity in which any **Insured** has a financial interest;
 - (3) Any entity which has or had a financial interest in the **Named Insured**; or
 - (4) Any entity which is under the same financial control as the **Named Insured**,provided that such financial interest or financial control existed at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim**.

This exclusion b. does not apply to:

 - (a) The actual or attempted sale or leasing of an **Insured's Residential Property** that an **Insured** did not construct or develop and where the **Residential Property** is listed by another **Insured** who is not the owner of such **Residential Property**.
 - (b) The actual or attempted sale or leasing of real property that an **Insured** did not construct or develop, and in which the combined ownership interest of all **Insureds** at the time of sale or lease was less than 25%;

- (c) The actual or attempted sale of **Residential Property** that an **Insured** did not construct or develop that is, at such time, 100% owned by the **Named Insured**, and if all of the following conditions are met:
 - (i) The property was acquired by the **Named Insured** under a written Guaranteed Sales Listing Agreement; and
 - (ii) From acquisition to resale:
 - i. The title to the property was held by the **Named Insured** for less than twelve months; and
 - ii. The property was continually offered for sale by the **Named Insured**.
 - (d) The actual or attempted sale of an **insured's Residential Property** that an **Insured** did not construct or develop if all of the following conditions are met in connection with such sale:
 - (i) An accredited written Home Inspection Report is issued or waived in writing by the buyer prior to closing;
 - (ii) All state required property transfer disclosures were properly completed, signed and delivered; and
 - (iii) That the most current version, in effect at the time, of a state or board approved standard purchase / sale contract was utilized.
 - (e) The actual or attempted leasing of real property in which the combined ownership interest of all **Insureds** was less than 50% at the time of the **Professional Services** rendered.
14. The actual or attempted appraisal of property by any **Insured** if at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim**:
 - a. Any **Insured** in any part owned such property;
 - b. Any **Insured** was the developer, builder, real estate broker or **Salesperson** of such property;
 - c. Such appraisal services were in exchange for stock, partial ownership or investment in such property; or
 - d. Any **Insured** was employed or subcontracted by a real estate broker or **Salesperson** who was a party to any transaction involving the appraised property.
 15. Alleging infringement of any copyright, title, slogan, patent, trademark, trade name, trade dress, service mark or service name.
 16. Any guarantee or promise of future status, performance or valuation in the course of performing **Professional Services** by the **Insured**.
 17. The actual or alleged notarized certification or acknowledgement by any **Insured** of a signature on any document that the **Insured** did not witness being placed on the document.
 18. Any **Asbestos**, any exposure to **Asbestos** or the use of any **Asbestos** including but not limited to:
 - a. Any injury, disease or illness, including death at any time resulting there from;
 - b. Any damage to or reduction in financial value of any property;
 - c. Any misrepresentation of or failure to detect or disclose of the existence, manufacturing, construction disturbance or migration of any **Asbestos**;
 - d. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any **Asbestos**;
 - e. Any obligation to assess the presence, absence or amount or effect of any **Asbestos**; or
 - f. Any other loss or expense relating to or resulting there from.
 19. Any **Fungus(i), Mold(s)**, bacteria or **Spore(s)** including:
 - a. Any substance, vapor or gas produced by or arising out of any **Fungus(i), Mold(s)**, bacteria or **Spore(s)**;
 - b. Any material, product, building component, building or structure that contains, harbors, nurtures or acts as a medium for any **Fungus(i), Mold(s)**, bacteria or **Spore(s)**;
 - c. Any testing for, monitoring, abatement, mitigation, removal, remediation, or disposal of any **Fungus(i), Mold(s)** bacteria or **Spore(s)**;

- d. Any failure to test for, monitor, abate, mitigate, remove, remediate, or dispose of any **Fungus(i), Mold(s)**, bacteria or **Spore(s)**;
- e. Any supervision, instruction, recommendations, warnings, or advice given or which should have been given in connection with the above;
- f. Any misrepresentation of or failure to detect or disclose of any exposure to any **Fungus(i), Mold(s)**, bacteria or **Spore(s)**; or
- g. Any obligation to share **Damages** with or repay anyone else who must pay **Damages** in connection with Paragraphs a. through f. above.

The above applies regardless of any other cause, event, material, product or building component that contributed concurrently or in any sequence to an injury or damage.

- 20. Any Pollution or **Pollutants** including:
 - a. **Damage** which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** at any time;
 - b. Any request, demand, order or statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**; or
 - c. Any **Claim** by or on behalf of a governmental authority for **Damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **Pollutants**.
 - d. Any misrepresentation of or failure to detect or disclose of any exposure from pollution or any **Pollutant**.
- 21. The **Insured** gaining of any personal profit or advantage to which any **Insured** is not legally entitled, including misappropriation, conversion, embezzlement, commingling or misuse of funds or other property.
- 22. Any lead including:
 - a. The installation, removal, disposal, handling, use or existence of, exposure to, contact with, or the ingestion of lead paint or any other substance or matter containing lead paint or the residue of lead paint; or
 - b. Any misrepresentation of or failure to detect or disclose of any exposure to any lead paint or any other substance or matter containing lead paint or the residue of lead paint.
- 23. Discrimination of any kind by any **Insured**, including but not limited to discrimination due to or on the basis of age, sex, race, color, religion, disability, marital status, pregnancy, national origin, HIV or AIDS status, sexual origin, sexual orientation, or sexual preference; provided, however, this exclusion does not apply to **Fair Housing Discrimination**.
- 24. Any **Insured's** unauthorized use of confidential, privileged or non-public material or information for any purpose whatsoever.
- 25. Any activities arising out of **Exterior Insulation and Finish Systems** (commonly referred to as synthetic stucco) application, installation, use or sale.
- 26. Actual or alleged acts, error, omissions or **Personal Injuries** by an **Insured** against any past or present employee, officer or applicant for employment as respects to sexual misconduct, sexual harassment, wrongful termination, or discrimination, including but not limited to discrimination due to or on the basis of age, sex, race, color, religion, disability, marital status, pregnancy, national origin, HIV or AIDS status, sexual origin, sexual orientation, or sexual preference.

- B. Under Paragraph A.4. and A.5. of **SECTION VI – SUPPLEMENTARY PAYMENTS** is based on or arising out of the following:
 - 1. The malfunction of or defect of **Network Communications System**;
 - 2. The electrical failure including electrical power interruption, surge, brownout or blackout;
 - 3. The interruptions or outages to gas, water, telephone, cable or satellite services furnished by utility

companies;

4. Any criminal or **Dishonest Act** that any partner, officer, director, or managing member of the **Named Insured** commits whether acting alone or in collusion with other persons;
5. Any criminal or **Dishonest Act**, the only proof of which as to its existence or amount is:
 - a. An **inventory computation**; or
 - b. A profit and loss computation; or
6. Any loss caused by any civil authority, including seizure, confiscation, destruction, or quarantine of property.

SECTION VIII – DEFINITIONS

- A. **Application** means all signed applications for this Policy, including any attachments and other materials submitted in conjunction with the signed application(s).
- B. **Alternative Dispute Resolution** means the use of mediation or non-binding arbitration proceedings in which the **Insured** participates with the consent of the Company.
- C. **Asbestos** shall include but is not limited to: asbestos or other mineral wools; asbestos or mineral wool products, fibers, or dust, asbestos or other mineral wools contained in products or materials.
- D. **Bodily Injury** means bodily injury, sickness, disease, emotional distress or mental anguish sustained by a person, including death resulting from any of these at any time.
- E. **Business Broker** means the activities of an **Insured** in the provision of information and business advice to buyers and sellers of privately held businesses sold in conjunction with the leasing or sale of real property. The activities would include the maintenance of communications between parties, and the coordination of negotiations and closing processes. **Business Broker** does not mean activities by any **Insured** on any transaction involving real property, if any **Insured** was the developer, constructor or owner, in whole or in part, of such property.
- F. **Claim(s)**, including **Claims** based on or arising out of **Lock Box, Open House or Fair Housing Discrimination**, means a demand for money, the filing of **Suit** or the initiation of arbitration or mediation proceedings naming the **Insured** and alleging an act, error, omission or **Personal Injury** resulting from the rendering of or failure to render **Professional Services**.

Claim does not include proceedings seeking injunctive or other non-pecuniary relief, or administrative proceedings before any national, state, regional or local board of real estate agents, or any committee or sub-committee, except as defined by **Supplementary Payment Requests** and made available in Paragraph A.2. of **SECTION VI – SUPPLEMENTARY PAYMENTS**.

- G. **Claims Expenses** means:
 1. Fees charged by an attorney(s) designated by the Company and all other fees, costs, and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, if incurred by the Company, or by an **Insured** with written consent of the Company, but does not include salary charges or expenses of regular employees or officials of the Company, or fees and expenses of independent adjusters;
 2. All court costs taxed against an **Insured** in a **Claim**. However, these costs do not include attorneys' fees or attorneys' expenses taxed against the **Insured**; or
 3. Premiums on appeal bonds and premiums on bonds to release attachments in **Suits**, but not premiums for bond amounts in excess of the applicable Limit of Liability. Notwithstanding the foregoing, the Company shall have no obligation to pay for or furnish any bond.
- H. **Construction Manager** means a person providing the following services in connection with the construction,

reconstruction or renovation of real property:

1. Management of facility construction, reconstruction or renovation plans;
2. Development and management of construction, reconstruction or renovation contracts and subcontracts;
3. Development of loss control and risk management plans in connection with the construction, reconstruction or renovation.

- I. **Costs of Third Party Notification** means all costs of the **Insured** associated with the notification of current or previous clients or other parties including reasonable, applicable and necessary legal fees, other than **Claims Expenses**, incurred in connection with such notification.
- J. **Damages** means compensatory judgments, settlements or awards, but does not include punitive or exemplary damages, fines or penalties, sanctions, the return of fees or other consideration paid to the **Insured**, or that portion of any award or judgment caused by the trebling or multiplication of actual damages under federal or state law. **Damages** does not include matters uninsurable in the jurisdiction governing this Policy. **Damages** does not include **Claims Expenses**.

However, if a **Suit** is brought against an **Insured** with respect to a **Claim** for an alleged act, error, omission or **Personal Injury** falling within the scope of coverage afforded by this Policy, and such **Suit** seeks both compensatory and punitive or exemplary damages then the Company will afford a defense to such action without liability for payment of such punitive or exemplary damages.

- K. **Dishonest Acts** means dishonest or fraudulent acts committed with the apparent intent to cause an **Insured** to sustain loss or **Damages** and to obtain financial benefit for the employee or for any other employee, person, or organization. The financial benefit does not include salaries, commissions, bonuses, fees, profit sharing, or other employee benefits; however, this definition only applies to Paragraph A.5. of **SECTION VI – SUPPLEMENTARY PAYMENTS**.
- L. **Electronic Information Damages** means damage arising out of the unauthorized and third party:
1. Destruction or addition or deletion of information that was entrusted to an **Insured** by others and that was resident on the **Named Insured's Network Communications System**;
 2. Copying or theft of any information resident on **Network Communications System**; or
 3. Use or alteration of any software resident on **Network Communications System**.
- M. **Exterior Insulation and Finish System** means any exterior cladding or finish system used on any part of any structure, and consisting of any or all of the following, or similar, processes or applications:
1. A rigid or semi rigid insulation board made of expanded polystyrene or other materials;
 2. The adhesive and or mechanical fasteners used to attach the insulation board to the substrate;
 3. A reinforced base coat; and
 4. A finish coat providing surface texture and color.
- N. **Fungus(i)** means any type or form of fungus, and includes **Mold** or mildew and any mycotoxins, **Spores**, scents, byproducts produced or released by fungi, smuts, rust, or mushrooms.
- O. **Fair Housing Discrimination** means any alleged violations of Title VIII of the Civil Rights Act of 1968 or the Fair Housing Amendment Act of 1988, and any similar federal, state or local ordinance.
- P. **Insured** means any person or organization qualifying as an **Insured** under **SECTION II – WHO IS INSURED** of this Policy.
- Q. **Lock Box** means any keyless entry system, security code or password protected key storage device or similar

device on property that the **Insured** has shown or listed for sale while the property is in the care, custody or control of the **Insured**.

- R. **Mold(s)** means any superficial growth produced on damp or decaying organic matter or on living organisms, and **Fungi** that produce **Mold**.
- S. **Named Insured** means the person or organization shown on the Declaration Page as the named insured.
- T. **Network Communications System** means any or all of the components, owned and/or controlled by the **Named Insured**, including computers and software, which combine to enable the **Named Insured's** computers to communicate electronically with other computer systems.
- U. **Open House** means any advertised, designated time period (up to four hours) when multiple potential buyers have the opportunity to view the specified property that is listed for sale by the **Named Insured** while in the care, custody or control of an **Insured** and with an **Insured** in attendance during the entire duration of such period.
- V. **Personal Injury** means:
1. False arrest, detention or imprisonment, wrongful entry or eviction, other invasion of private occupancy, or malicious prosecution; or
 2. The publication or utterance of a libel, slander or other defamatory or disparaging material, or a publication or an utterance in violation of an individual's right of privacy.
- W. **Policy Period** means the period from the Inception Date of this Policy to the Expiration Date as shown on the Declarations Page, or its earlier termination date, if any.
- X. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- Y. **Predecessor Firm** means any real estate firm which has undergone dissolution and:
1. Some or all of such firms' principals, owners, officers or partners have joined the **Named Insured**, provided such persons were responsible for producing billings in excess of 50% of the prior firm's annual gross revenues and such prior firm's billings have been assigned or transferred to the **Named Insured**;
 2. At least 50% of the principals, owners, partners or officers of the prior firm have joined the **Named Insured**; or
 3. At least 50% of the prior firm's financial assets and liabilities have been assumed by the **Named Insured**.
- Z. **Professional Services** means services performed by an **Insured** in an **Insured's** capacity as a real estate agent, real estate broker, real estate appraiser, real estate consultant, real property auctioneer, or **Property Manager** as long as the **Insured** is properly licensed or certified at the time of the act, error, omission or **Personal Injury** giving rise to the **Claim** and as long as such service is rendered for or on behalf of the customer or client in return for a fee, commission, or other compensation or in the course of solicitation of a client or customer for services which would result in payment of a fee, commission, or other compensation. It includes incidental services rendered by any **Insured** as a notary public, or as a member of a formal accreditation committee, standards review committee or similar board or committee.
- AA. **Property Damage** means physical injury to, destruction of, or loss of tangible property.
- AB. **Property Management** means those services provided as a **Property Manager**.
- AC. **Property Manager** means a person providing the following services in connection with the management of commercial or **Residential Property**:
1. Development and implementation of management plans and budget;

2. Oversight of property;
3. Solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
4. Development, implementation and management of loss control and risk management plans for real property;
5. Development, implementation and management of contracts and subcontracts (excluding any insurance contracts) necessary to the daily functioning of the property; or
6. Personnel administration and record keeping in connection with a managed property.

Property Manager does not include and this Policy shall not cover:

- a. Any **Construction Manager**;
- b. Property improvement or maintenance services;
- c. Property repairs performed by an **Insured** or any entity where any **Insured** holds a position or financial interest;
- d. Analyzing, evaluating or making recommendations concerning environmental hazards or exposures; or
- e. Obtaining, maintaining or negotiating any insurance contracts.

AD. **Residential Property** means single family residence or multi-family residence with 4 units or fewer.

AE. **Salesperson** means an independent contractor engaged in practice as a real estate broker, agent, real property auctioneer, or employee of the **Named Insured**, and licensed under all applicable laws of all jurisdictions in which he or she practices.

AF. **Short Term Escrow Agent** means a person(s) who while acting as a real estate agent, real estate broker, or real property auctioneer in connection with the sale or purchase of real property, receives or holds funds in, or distributes funds from, an escrow or trust account. Such funds:

1. Must relate to the sale or purchase of a specific real property with the **Short Term Escrow Agent** acting as the real estate agent, real estate broker, or real property auctioneer;
2. Must be received in the form of United States currency, a certified or guaranteed check or money order;
3. Must be held in a client trust account or otherwise segregated from the **Insured's** funds; and
4. Are, or are to be, fully distributed within 12 months from the date received by the **Insured**.

AG. **Spores** means any dormant or reproductive body produced by or arising or emanating out of any **Fungus(i), Mold(s)**, mildew, plants, organisms or microorganisms.

AH. **Successor in Business** means, after dissolution of the **Named Insured**, any firm in which:

1. Some or all of the principals, owners, officers or partners of the **Named Insured** have joined an existing, or formed a new firm, provided such persons were responsible for producing more than 50% of the **Named Insured's** annual gross revenues at the time of dissolution and such revenues have been assigned or transferred to the successor firm;
2. At least 50% of the principals, owners, partners or officers of the **Named Insured** have joined an existing or formed a new firm; or
3. At least 50% of the **Named Insured's** financial assets/liabilities have been assumed by the successor firm.

However, **Successor in Business** shall not include any entity that is also an **Insured** under any similar insurance policy issued by the Company, regardless of such policy's exhaustion of its Limits of Liability. An entity shall cease to be covered as a **Successor in Business** at the earlier of Policy termination or ninety (90)

days from the date of dissolution of the **Named Insured** unless written notice is given to the Company, together with other information as the Company may request, the Company agrees, in its sole discretion, to continue coverage for the **Successor in Business** and the **Successor in Business** pays any additional premium required by the Company by the applicable deadline.

- AI. **Suit** means a civil adjudicatory proceeding in a court of law in the United States of America, its territories, possessions, Puerto Rico or Canada.
- AJ. **Supplementary Payment Request** means a written request for money by an **Insured** to the Company for payments covered by **SECTION VI – SUPPLEMENTARY PAYMENTS**.
- AK. **Total Disability** means that, as a result of sickness or injury which manifests itself during the **Policy Period** and is substantiated by medical documentation, a partner, officer, director or managing member of the **Named Insured**, is permanently prevented from doing the substantial and material acts required for his or her usual duties for the **Named Insured** at any real estate agency.

SECTION IX – AUTOMATIC AND OPTIONAL EXTENDED REPORTING PERIODS

A. Automatic Extended Reporting Period

In the event of cancellation or non-renewal of this Policy by the **Named Insured** or the Company, for any reason except as noted in Paragraph E of this section, an automatic sixty (60) day extended reporting period, effective at the termination of the **Policy Period**, will be provided by the Company at no additional cost. This Automatic Extended Reporting Period shall extend the time in which an **Insured** can give written notice to the Company of **Claims** first made against the **Insured** during the **Policy Period** for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations, and before the end of the **Policy Period**, subject to terms, limitations, exclusions and conditions of this Policy. The Automatic Extended Reporting Period does not apply to **Claims** that are covered under any subsequent insurance purchased by any **Insured**, or that would be covered but for exhaustion of the amount of insurance applicable to such **Claims**.

B. Optional Extended Reporting Period

1. In the event that:
 - a. The **Named Insured** or the Company cancels or nonrenews this Policy; or
 - b. The Company renews this Policy with a Retroactive Date that is more recent in time than the Retroactive Date provided in this Policy;

The **Named Insured** shall have the right to an extension of coverage, known as the Optional Extended Reporting Period, for the time period and at the premiums set forth below, for **Claims** first made against an **Insured** and first reported in writing to the Company during the Optional Extended Reporting Period for any act, error, omission, or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations, and before the end of the **Policy Period**, subject to terms, limitations, exclusions and conditions of this Policy. The right to purchase the Optional Extended Reporting Period shall terminate unless written notice of the **Named Insured's** election together with the full premium is received by the Company or its authorized agent within sixty (60) days of the termination of the **Policy Period**. The Optional Extended Reporting Period may not be renewed upon its expiration.

2. The Optional Extended Reporting Period is available for the following time periods and premiums:
 - a. Twelve (12) months for an additional 100% of the full annual premium;
 - b. Twenty-four (24) months for an additional 135% of the full annual premium; or
 - c. Thirty-six (36) months for an additional 150% of the full annual premium.

C. Retiree Extended Reporting Period

If the **Named Insured** is:

1. An independent contractor and shall cancel or fail to renew this Policy due to retirement of the **Named Insured** from active business;
2. A sole proprietorship and shall cancel or fail to renew this Policy due to retirement of the **Named Insured** from active business; or
3. A partnership, limited liability partnership, or corporation and shall cancel or fail to renew this **Policy** due to dissolution of the partnership or corporation;

Then the **Named Insured** shall, for an additional premium of 160% of the full annual premium for this Policy, shall have the right to a Retiree Extended Reporting Period for an unlimited period following the end of the **Policy Period**. This Retiree Extended Reporting Period shall extend for an unlimited period of time in which the **Named Insured** can give written notice to the Company of **Claims** first made against the **Insured** during the Retiree Extended Reporting Period for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**, subject to the terms, limitations, exclusions, and conditions of this Policy. The right to purchase the Retiree Extended Reporting Period shall terminate unless written notice of the **Named Insured's** election together with the additional premium is received by the Company or its authorized agent within sixty (60) days of the end of the **Policy Period**.

D. **Death, Disability or Retirement Extended Reporting Period**

In the event the **Named Insured** dies or becomes permanently and totally disabled during the **Policy Period**, an unlimited Extended Reporting Period will be granted at no additional premium, provided that within sixty (60) days of the death or permanent and **Total Disability** the **Named Insured** or **Named Insured's** legal representative requests the Death, Disability or Retirement Extended Reporting Period, subject to:

1. The **Named Insured's** legal representative furnishes written evidence and proof of the date of the **Named Insured's** death; or
2. The **Named Insured** or the **Named Insured's** legal representative provides evidence and proof of the permanent and **Total Disability** including the date of the actual disability and written certification by the **Named Insured's** attending physician; and
3. In the case of permanent and **Total Disability**, the **Named Insured** agrees to submit to any medical examination(s) as requested by the Company, by any physician designated by the Company for the purpose of verifying such permanent and **Total Disability**.

This Death, Disability or Retirement Extended Reporting Period shall extend for an unlimited period of time in which an **Insured** can give written notice to the Company of **Claims** first made against an **Insured** during the Death, Disability or Retirement Extended Reporting Period for any act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** taking place on or after the Retroactive Date, as stated on the Declarations Page, and before the end of the **Policy Period**, subject to the terms, limitations, exclusions, and conditions of this Policy.

If after reaching age sixty five (65), and having been continuously insured by the Company on a claims-made basis for a minimum of five (5) years the **Named Insured** retires during the **Policy Period**, this Death, Disability or Retirement Extended Reporting Period will be granted at no additional premium provided that the **Named Insured** within sixty (60) days of the retirement requests the Death, Disability or Retirement Extended Reporting Period.

E. **Applicability of Extended Reporting Periods**

None of the Extended Reporting Periods shall apply if the Policy is rescinded, cancelled or nonrenewed, for any of the following reasons:

1. Non-payment of premiums;

2. Fraud on the part of any **Insured**;
3. Failure to comply with Policy provisions;
4. Non-payment of a Deductible or any advanced payment, which the Company made on behalf of the **Named Insured**;
5. Failure to cooperate with the Company; or
6. Fraud, concealment or material misrepresentation of facts in any **Application** for this Policy or any renewal Policy for this insurance.

F. Termination of any Extended Reporting Period Option

Once in effect, the Optional Extended Reporting Period, Retiree Extended Reporting Period and Death, Disability or Retirement Extended Reporting Period may not be canceled. At the commencement of any Extended Reporting Period, the entire premium shall be deemed earned and the Company shall not be liable to return to the **Named Insured** any portion of the premium for any Extended Reporting Period.

G. Miscellaneous

1. An Extended Reporting Period does not:
 - a. Increase or reinstate the Limit of Liability of this Policy; or
 - b. Change the scope of coverage provided by this Policy.
2. The Aggregate Limit of Liability available during any Extended Reporting Period shall be the remaining amount, if any, of the "Aggregate" Limit of Liability shown on the Declarations Page at the end of the **Policy Period**.
3. The Automatic Extended Reporting Period does not extend the time in which to exercise the right to:
 - a. Purchase the Optional Extended Reporting Period or the Retiree Extended Reporting Period; or
 - b. Make effective the Death, Disability or Retirement Extended Reporting Period.
4. The first sixty (60) days of the Optional Extended Reporting Period, Retiree Extended Reporting Period or Death, Disability or Retirement Extended Reporting Period shall run concurrently with the Automatic Extended Reporting Period.
5. The Deductible shown on the Declarations Page shall apply to any Extended Reporting Period.

SECTION X – GENERAL CONDITIONS

A. Premium

All premiums for this Policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to this insurance. The **Named Insured** shall maintain records of the information necessary for premium computation and shall send copies of such records to the Company at such times as the Company may direct.

B. Assistance and Cooperation of Insured

All **Insureds** shall fully cooperate with the Company in the defense of any **Claim** made under this Policy. Upon the Company's request, all **Insureds** shall assist in making settlements, in the conduct of **Suits** and in enforcing any right of contribution, subrogation or indemnity against any person, organization or other insurer which may be liable to the **Insured** or the Company for **Damages** or **Claims Expenses**. An **Insured** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. No **Insured** shall, except at the **Insured's** own cost, voluntarily make any payments, assume any

obligation or incur any expense. An **Insured** may provide for **Alternative Dispute Resolution** with a client under an engagement letter or any other written contract as long as such agreement is executed in writing prior to a **Claim** or such **Insured's** awareness of any act, error, omission or **Personal Injury** that might reasonably be expected to give rise to a **Claim**.

All **Insureds** will consent to the submission of special verdict forms or other written inquiries to the trier of fact for the purpose of determining the basis for the **Insured's** liability and any **Damages** awarded if **Suit** or any other proceeding is brought on the **Claim**.

C. **Assignment**

This Policy may not be assigned without first obtaining the written consent of the Company. No **Insured's** rights under this Policy are assignable. If any **Insured** shall die or be adjudged incompetent, this insurance shall terminate for such person, but shall cover the **Insured's** legal representative with respect to liability previously incurred and covered by this insurance.

D. **Legal Action Against The Company**

No action shall lie against the Company unless there has been full compliance with all of the terms of this Policy, or until the amount of the **Insured's** obligation to pay has been finally determined, either by judgment against the **Insured** or by written settlement agreement between the **Insured** and the claimant, entered into with the written consent of the Company.

Any person or organization or the legal representative thereof who has secured a judgment or written settlement agreement shall thereafter be entitled to recover under the Policy to the extent of the insurance afforded by this Policy. A written settlement agreement means a settlement and release of liability signed by the **Insured** and the claimant with the written consent of the Company. No person or organization shall have any right under this Policy to join the Company as a party to any action against the **Insured** to determine the **Insured's** liability nor shall the Company be impleaded in any **Suit** by the **Insured** or his legal representative.

E. **Conformity to Statute**

In the event that any terms, conditions or exclusions of this Policy conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall, by this statement, be amended to conform to such law or laws.

F. **Other Insurance**

If there is other valid and collectible insurance (whether primary, excess, contingent or qualified self-insurance, including Extended Reporting Period coverage in the **Insured's** previous insurance) which may apply to a **Claim** covered by this Policy, the insurance provided hereunder shall be deemed excess insurance over and above the applicable limits of liability of all other insurance or qualified self-insurance.

1. When this insurance is excess, the Company shall have no duty under this Policy to defend any **Claim** or **Suit** that any other insurer or qualified self-insurer has a duty to defend. If such other insurer or self-insurer refuses to defend such **Claim** or **Suit**, the Company shall be entitled to the **Insured's** rights against all other insurers or qualified self-insurers for any **Claims Expenses** and **Damages** incurred by the Company.
2. If a loss occurs involving two or more policies of valid and collectible insurance, each of which provides that its insurance shall be excess, each will contribute pro rata. The Company's pro rata amount is the ratio of the Company's Limits of Liability to the limits of the other policies. Only one policy shall have a duty to defend. The policy with the greatest financial exposure, based on limits of liability of the policies applicable to the loss, shall have the duty to defend. If no policy has the greatest financial exposure, then the **Insured** and the Company agree to use best efforts with fair and proper reasoning to determine which policy has the duty to defend among all of the insurers (including qualified self-insurers), whose insurance is applicable to the loss. If the parties cannot agree after using fair and proper reasoning, the Company shall have a duty to defend and advance the amounts the Company believes to constitute covered **Claims**

Expenses, until a different decision is negotiated, arbitrated or judicially determined. At such time, the Company will tender its defense obligations in an orderly manner to the responsible party. Any amounts so advanced shall apply pro rata to this Policy and shall not apply to or create any presumption of a fair or proper allocation for any other amounts that the Company is obligated.

G. **Subrogation**

To the extent of any payment under this Policy, the Company shall be subrogated to all the **Insured's** rights of recovery against any person, organization or entity, and all **Insureds** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing after any **Claim** to prejudice or terminate such rights and shall fully cooperate with the Company. The Company shall not exercise any such rights against any **Insured**. Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an **Insured** arising from a **Claim** brought about or contributed to by any dishonest, criminal, fraudulent, malicious or illegal acts, errors, omissions or **Personal Injury**.

H. **Cancellation**

This Policy may be canceled by the **Named Insured** by surrender thereof to the Company or any of its authorized representatives or by mailing to the Company written notice stating when thereafter the cancellation shall be effective.

The Policy may be canceled by the Company by mailing to the **Named Insured**, at the address shown on the Declarations Page, written notice stating when not less than sixty (60) days thereafter, or ten (10) days in the case of nonpayment of premium, such cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by the Company shall be equivalent to mailing.

If either the **Named Insured** or the Company cancels, earned premium shall be the prorated amount of the annual premium. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its representative mailed as aforesaid shall be sufficient tender of any refund or premium due to the **Named Insured**, provided that if at the time of cancellation the Limit of Liability has been exhausted as a result of a **Claim**, the entire premium shall be considered earned.

I. **Nonrenewal**

The Company may nonrenew this Policy by mailing or delivering to the **Named Insured**, at the address shown on the Declarations Page, written notice of nonrenewal at least sixty (60) days before the expiration date of this Policy. The offer of renewal Policy terms, conditions, or premium amount different than those in effect prior to renewal does not constitute nonrenewal.

J. **Changes**

The terms of this Policy shall not be waived or changed except by endorsement issued to form a part of this Policy.

K. **Bankruptcy or Insolvency of Insured**

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the Company of any of its obligations under this Policy.

L. **Declarations and Application**

By acceptance of this Policy, all **Insureds** agree that the statements in the **Application** are the **Insureds'** agreements and representations, that they shall be deemed material, that this Policy is issued in reliance upon

the truth of such representations, that this Policy embodies all agreements existing between the **Insureds** and the Company or any of its agents relating to this insurance, and they shall be considered as incorporated into and constitute a part of this Policy.

This Policy is not effective unless a Declarations Page is issued.

M. **Reimbursement**

While the Company has no duty to do so, if the Company pays **Damages** or **Claims Expenses**:

1. Within the amount of the applicable Deductible;
2. In excess of the applicable Limit of Liability, or
3. Under a reservation of rights to seek reimbursement, and it is determined that the Company is entitled to reimbursement,

All **Insureds** shall be jointly and severally liable to the Company for such amounts. Upon written demand, the **Insureds** shall repay such amounts to the Company within thirty (30) days. Failure to pay any amount indicated may lead to Policy termination.

N. **Liberalization**

If the Company adopts, during the **Policy Period**, any revision that without additional premium would broaden the coverage under this Policy, the broadened coverage will apply to this Policy effective when the provision has been approved by the appropriate regulatory authority. Such provision shall only apply to **Claims** first made after the date such approval is received by the Company.

O. **Examination of Your Books and Records**

The Company may examine and audit the **Insured's** books and records as they relate to this Policy at any time during the **Policy Period** and up to three (3) years afterward.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement No. <Numeric>

Effective Date of this Endorsement: <mm dd, yyyy> Policy No. <Alpha Numeric>

SUPPLEMENTARY PAYMENTS - PROFESSIONAL REPUTATION PROTECTION EXPENSE (\$10,000 AGGREGATE)

This endorsement modifies insurance provided under the following:

REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY

A. The following is added to paragraph A. in **SECTION VI – SUPPLEMENTARY PAYMENTS**:

Supplementary Payments – Professional Reputation Protection Expenses

1. The Company will pay, in addition to the applicable Limit of Liability, up to \$10,000 in the aggregate regardless of the number of **Supplementary Payment Requests** for **Professional Reputation Protection Expenses** incurred by the **Named Insured** in response to a **Reputation Event**.
2. The **Named Insured** must notify and obtain prior approval from the Company before hiring any public relations firm to handle a **Reputation Event**; otherwise the Company will have no duty under this Policy to provide payment for such **Professional Reputation Protection Expenses**.

B. The following definitions are added to **SECTION VIII – DEFINITIONS**:

1. **Reputation Event** means any act, error, omission or **Personal Injury** that the **Named Insured** reasonably believes will have an imminent and materially adverse effect on the total revenues of the **Professional Services** of the **Named Insured** because of diminished confidence by its customers based upon unfavorable information made available by:
 - a. Broadcasts on television or radio; or
 - b. Published both publicly and in writing, whether on paper or in electronic media, provided further that that such written media was in general circulation and such electronic media was available to the public on a fully open network that was neither password protected nor restricted from access by any method.
2. **Professional Reputation Protection Expenses** mean reasonable fees, costs and expenses for consulting services paid to an external public relations firm or crisis management firm, whose engagement is to limit the adverse effects of negative publicity against the **Named Insured** caused by a **Reputation Event**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement No. <Numeric>

Effective Date of this Endorsement: <mm dd. yyyy> Policy No. <Alpha Numeric>

FAIR HOUSING DISCRIMINATION SUB-LIMIT (DAMAGES AND/OR CLAIMS EXPENSES)

This endorsement modifies insurance provided under the following:

REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY

Paragraph C.1. of **SECTION I – COVERAGE** is replaced by the following:

Fair Housing Discrimination

Claims based on or arising out of **Fair Housing Discrimination** will be subject to a sub-limit of \$_____ in the aggregate, regardless of the number of **Claims** per **Policy Period**, for **Damages** and/or **Claims Expenses** that shall be a part of, and not in addition to, the applicable Limit of Liability shown on the Declarations Page.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement No. <Numeric>

Effective Date of this Endorsement: <mm dd, yyyy>

Policy No. <Alpha Numeric>

DRONE PHOTOGRAPHY COVERAGE EXTENSION

This endorsement modifies insurance provided under the following:

REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY

A. The following is added to paragraph C. **Coverage Extensions** in **SECTION I – COVERAGE**:

3. **Drone Photography**

Claims based on or arising out of **Drone Photography** will be subject to a sub-limit of \$_____ in the aggregate, regardless of the number of **Claims** per **Policy Period** for **Damages** and/or **Claims Expenses**, that shall be a part of, and not in addition to, the applicable Limit of Liability as shown on the Declarations Page. **Drone Photography** must be performed solely by an unaffiliated, third party contractor hired by an **Insured**. **Drone Photography** coverage does not apply to:

- a. **Claims** based on or arising out of any entity in which any **Insured** had or had a financial interest;
- b. **Claims** based on or arising out of, physical contact with any other aircraft, including airships / blimps or other gas or hot air filled balloons, whether manned or unmanned; or
- c. Any fines or sanctions assessed by any governmental or regulatory body.

B. With respect to this endorsement only, the paragraph F. **Claim(s)** in **SECTION VIII – DEFINITIONS** is replaced by the following:

F. **Claim(s)**, including **Claims** based on or arising out of **Lock Box, Open House, Fair Housing Discrimination** or **Drone Photography** means a demand for money, the filing of **Suit** or the initiation of arbitration or mediation proceedings naming the **Insured** and alleging an act, error, omission or **Personal Injury** resulting from the rendering of or failure to render **Professional Services**.

Claim does not include proceedings seeking injunctive or other non-pecuniary relief, or administrative proceedings before any national, state, regional or local board of real estate agents, or any committee or sub-committee, except as defined by **Supplementary Payment Requests** and made available in Paragraph A.2. of **SECTION VI – SUPPLEMENTARY PAYMENTS**.

C. With respect to this endorsement only, the following definition is added to **SECTION VIII – DEFINITIONS**:

Drone Photography means the capture of still images or video by a remotely-operated or autonomous unmanned aircraft.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement No. <Numeric>

Effective Date of this Endorsement: <mm dd, yyyy>

Policy No. <Alpha Numeric>

COVERAGE FOR FAILURE TO DETECT OR DISCLOSE THE EXISTENCE OF SPECIFIED SUBSTANCES AT RESIDENTIAL PROPERTY – COMBINED SUB-LIMIT

This endorsement modifies insurance provided under the following:

REAL ESTATE ERRORS AND OMISSIONS INSURANCE POLICY

The following are added to **SECTION VII – EXCLUSIONS**:

1. Paragraph A.18.c. does not apply to the failure to detect or disclose the existence of any **Asbestos**.
2. Paragraph A.19.f. does not apply to the failure to detect or disclose the existence of any **Fungus(i), Mold(s)**, bacteria or **Spore(s)**.
3. Paragraph A.20.d does not apply to the failure to detect or disclose the existence of any pollution or any **Pollutant**; and
4. Paragraph A.22.b. does not apply to the failure to detect or disclose the existence of any lead, including lead paint or the residue of lead paint.

However, this endorsement applies only to a real estate transaction involving the sale of **Residential Property**. Furthermore, paragraphs 1., 2. and 4. of this endorsement are subject to a single sub-limit of \$100,000 in the aggregate, regardless of the number of **Claims** per **Policy Period**, for **Damages** and **Claims Expenses** that shall be a part of, and not in addition to, the applicable Limit of Liability shown on the Declarations Page.

The Company will only provide coverage for **Claim(s)** or **Suit(s)** subject to paragraphs 1., 2., 3. and 4. of this endorsement if all of the following conditions have been met:

- a. No **Insured** or any **Insured's** spouse has or had an ownership interest in such **Residential Property**;
- b. A seller's real property disclosure statement was completed by the seller and receipt acknowledged by the buyer in writing prior to closing and a copy was retained in an **Insured's** transaction file; and
- c. If an **Insured** acted as an agent for the buyer, a statement or disclosure regarding a buyer's right to request testing or inspection for the existence of mold, mildew or fungus was provided and acknowledged by the buyer in writing and a copy was retained in **the Named Insured's** transaction file.

No coverage is provided by this endorsement for **Claims** based on or arising out of any **Bodily Injury** or **Property Damage**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.