

HUDSON INSURANCE COMPANY
100 William Street, 5th Floor
New York, NY 10038



**REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY
DECLARATIONS**

NOTICE: THIS IS A "CLAIMS MADE AND REPORTED" POLICY. THIS POLICY REQUIRES THAT A CLAIM BE MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE INSURER, IN WRITING, DURING THE POLICY PERIOD OR AUTOMATIC EXTENDED REPORTING PERIOD.

THIS POLICY MAY CONTAIN PROVISIONS WHICH LIMIT THE AMOUNT OF CLAIM EXPENSES THE INSURER IS RESPONSIBLE TO PAY IN CONNECTION WITH CLAIMS. CLAIM EXPENSES SHALL BE SUBJECT TO ANY DEDUCTIBLE AMOUNT. THE PAYMENT OF CLAIM EXPENSES WILL REDUCE THE LIMITS OF LIABILITY STATED IN ITEM 4. OF THE DECLARATIONS. PLEASE READ YOUR POLICY CAREFULLY.

PLEASE READ THIS POLICY CAREFULLY.

Policy Number: PRA-3RE-2002441 **Renewal of:** PRA-3RE-1003516

- 1. Named Insured:** Alta Realty Group CA, Inc.
(including **Predecessor Entities** and **DBA's**)
- 2. Physical Address:** 3416 Via Lido Ste. E Newport Beach, CA, 92663
- 3. Mailing Address:** 3416 Via Lido Ste E Newport Beach, CA, 92663
- 4. Policy Period:** **From:** 04/01/2023 **To:** 04/01/2024
12:01 A.M. Standard Time at the address of the **Named Insured** as stated in Number 2 above
- 5. Limit of Liability:** **A. Per Claim:** \$1,000,000 **B. Aggregate:** \$1,000,000
- 6. Deductible:** \$15,000 **Each Claim**
- 7. Policy Premium:** \$14,697.00
- 8. State Taxes/Surcharges:** \$0.00
- 9. Retroactive Date:** Full Prior Acts
- 10. Notice to Company:** Notice of a Claim or Potential Claim should be sent to:
Hudson Insurance Group
100 William Street, 5th Floor
New York, NY 10038
Fax: (646)-216-3786
Email: hudsonclaims300@hudsoninsgroup.com
- 11. Program Administrator:** Riverton Insurance Agency Corp.
- 12. Agent/Broker:** RCIM (707) 934-4214

IN WITNESS WHEREOF, We have caused this policy to be executed by our President and our Corporate Secretary at New York, New York

Handwritten signature of Anthony J. Gallo in black ink.

President

Handwritten signature of Dina Daskal in black ink.

Secretary

SCHEDULE OF FORMS

The following forms are attached to the policy:

| Form # | Form Title |
|---|---|
| PRA102 (01/20) | Real Estate Professional Errors and Omissions Insurance Policy Declarations |
| PRA103 (03/20) | Real Estate Professional Errors and Omissions Insurance Policy |
| HIC SIG (12/16) | Signature Page |
| PRA104 (01/20) | Schedule of Forms |
| IL P 001 (01 04) | U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders |
| PRA211 (02/20) | General Change Endorsement |
| PRA219 (02/20) | Predecessor Firm Coverage Endorsement |
| PRA228 (02/20) | Reliance on Another Carrier's Application Endorsement |
| Various State - Specific Policyholder Notices (if Applicable) | |
| Various State - Specific Amendatory Coverage Endorsement | |
| PRA194 (02/20) | Claims Expenses Inside the Limits of Liability |
| PRA198 (02/20) | Additional Insured Endorsement |
| PRA217 (02/20) | Mortgage Broker Endorsement |
| PRA199 (02/20) | Contingent BI/PD Amended Sublimit |
| PRA221 (02/20) | Professional Service Retro Coverage Endorsement |
| PRA235(02/20) | Specified Entity Coverage Endorsement |
| | |
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REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

Provided By HUDSON INSURANCE COMPANY

Administrative Offices:

100 William Street

5th Floor

New York, New York 10038

**HUDSON INSURANCE COMPANY
REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY
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HUDSON INSURANCE COMPANY

A "Stock" Company
Administrative Office: New York, NY 10038

**THIS IS A CLAIMS MADE AND REPORTED POLICY.
PLEASE READ THE ENTIRE POLICY CAREFULLY.**

**THIS IS A NON-PARTICIPATING POLICY WITH REGARD TO PAYING DIVIDENDS
TO POLICYHOLDERS**

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

Words and phrases that appear in **Bold** print have special meanings that are defined in section III., DEFINITIONS.

I. INSURING AGREEMENTS

A. Coverage

The **Company** will pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** becomes legally obligated to pay as **Damages** and **Claim Expenses** as a result of a **Claim** first made against the **Insured** during the **Policy Period** or any applicable **Extended Reporting Period** by reason of an act or omission, including **Personal Injury**, in the performance of **Professional Services** by the **Insured**, provided that:

1. No such act or omission, or related act or omission, was committed prior to the **Retroactive Date**;
2. Prior to the inception date of the first policy issued by the **Company**, and continuously renewed, no **Insured** had a basis to believe that any such act or omission, or related act or omission, might reasonably be expected to be the basis of a **Claim**; and
3. The **Claim** must be reported in writing to the **Company** during the **Policy Period** or within 60 days after the end of the **Policy Period** unless an **Extended Reporting Period** applies.

Except as provided in Section II. LIMITS OF LIABILITY AND DEDUCTIBLE, paragraph G. Coverage Extension, Item 1 below, **Claim Expenses** are in addition to the limit of liability.

B. Defense

The **Company** has the right and duty to defend any **Claim** against the **Named Insured** even if any of the allegations of the **Claim** are groundless, false or fraudulent. Defense counsel may be designated by the **Company** or, at the **Company's** option, by the **Insured** with the **Company's** written consent and subject to the **Company's** guidelines.

C. Settlement

The **Company** will have the right to make, with the consent of the **Named Insured**, any settlement of a **Claim** under this policy. If the **Named Insured** refuses to consent to a settlement within the policy's applicable limit of liability that is recommended by the **Company** and acceptable to the claimant, then the **Company's** limit of liability shall be limited to:

1. the total **Damages** for which the **Claim** could have been settled, and 50% of all **Damages** incurred after the date on which the **Named Insured** refused to consent to the settlement, subject to the amount shown in item 4A. in the Declarations, and
2. the amount of **Claim Expenses** incurred up to the date on which the **Named Insured** refused to consent to the settlement, and 50% of all **Claims Expenses** incurred after such date.

subject to all terms, conditions, and limitations of the policy.

D. Exhaustion of Limits

The **Company** is not obligated to pay any **Damages** or **Claim Expenses** or to defend or continue to defend any **Claim** after the applicable limit of liability for **Damages** has been exhausted by the payment of **Damages**; or after the **Company** has deposited the applicable limit of liability for **Damages** into a court of competent jurisdiction or tendered the applicable limit of liability to the **Named Insured** or, if applicable, to the excess insurer(s) of the **Named Insured**.

II. LIMITS OF LIABILITY AND DEDUCTIBLE

A. Limit of Liability - Each Claim

Subject to paragraph B. below, the **Company's** limit of liability for **Damages** for each **Claim** first made during the **Policy Period** will not exceed the amount shown in item 4A. in the Declarations for "Each **Claim**".

B. Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **Damages** for all **Claims** first made during the **Policy Period** will not exceed the aggregate amount shown in item 4B. in the Declarations as the "Policy Aggregate".

C. Deductible

1. The deductible amount shown in item 5. in the Declarations is the **Named Insured's** obligation for each **Claim** and applies to the payment of **Damages** and **Claim Expenses**. The deductible will be paid by the **Named Insured**. The limits of liability set forth in the Declarations are in addition to, and in excess of, the deductible.
2. The **Named Insured's** obligation to pay the deductible amount stated in item 5. in the Declarations will be reduced by 50% of the applicable deductible for each **Claim**, but not to exceed a maximum amount of \$5,000, provided all of the following conditions are satisfied and written evidence of such is provided to the **Company** within 60 days of when notice of **Claim** is received by the **Company**:

- a. A seller disclosure form was signed by the seller and acknowledged in writing by the buyer prior to closing;
 - b. A home warranty policy was purchased or waived in writing by the buyer between the time the residential real property was listed and up to and including 30 days after closing;
 - c. An accredited written property inspection report was performed on the property or waived in writing by the buyer prior to closing; and
 - d. A state or local board-approved standard sales contract was utilized.
3. If a **Claim** is resolved by:
- a. mediation, or
 - b. settlement, with the consent of the **Named Insured** and the **Company**, within one (1) year following the date that the **Claim** is reported in writing to the **Company**, the **Named Insured** will be reimbursed or credited 50% of the applicable deductible, but not to exceed a reimbursement of \$5,000 each **Claim**.

If both C. 2 and 3 above apply to a **Claim**, only one reduction will be applied.

D. Multiple Insureds, Claims and Claimants

The limits of liability for **Damages** and **Claim Expenses** shown in the Declarations is the maximum amount the **Company** will pay under this policy for **Damages** and **Claim Expenses**, respectively, regardless of the number of **Insureds**, claims made or claimants. All related **Claims**, whenever made, shall be considered a single **Claim** first made when the earliest of the related **Claims** was first made and first reported when the earliest of the related **Claims** was reported in writing to the **Company**; provided, however, that the **Insured** must report all **Claims** as soon as reasonable in accordance with Section V. CONDITIONS, paragraph A.1.

E. Multiple Policies

If this policy and any other policy issued by the **Company** provide coverage for the same **Claim**, the maximum limit of liability under all the policies combined shall not exceed the highest remaining applicable limit of liability for the **Claim** under any one policy.

F. Supplementary Payments

Supplementary payments are not subject to the deductible and are in addition to the Policy Aggregate limits of liability set forth in Item 4.B. of the Declarations.

1. Reimbursement of Expenses

The **Company** will pay up to \$500.00 for loss of earnings to the **Insured** for each day or part of a day the **Insured** is in attendance, at the **Company's** request, at a trial, hearing, mediation or arbitration proceeding involving a **Claim** against the **Insured**. The maximum amount payable, regardless of the number of trials, hearings, mediations or arbitration proceedings or the number of **Insureds** shall be \$10,000 each **Claim** and \$25,000 per **Policy Period**.

2. Disciplinary Actions

The **Company** will reimburse the **Insured** for reasonable attorneys' fees, costs and expenses incurred resulting from the investigation or defense of a disciplinary action first received by the **Insured** and reported in writing to the **Company** during the **Policy Period** by reason of an act or omission in the performance of **Professional Services**. The maximum amount payable, regardless of the number of **Disciplinary Actions**, shall be \$25,000 each **Claim** and \$50,000 per **Policy Period**. The **Company** shall not be obligated to defend any **Disciplinary Action**, or pay any fine, penalty or award resulting from any **Disciplinary Action**.

3. Non-Profit Director and Officer Coverage

The **Company** will reimburse any principal, partner, shareholder or member of the **Named Insured** for any **Damages** and **Claims Expenses** that such **Insured** becomes legally obligated to pay as a result of a **Claim** first made against such **Insured** and reported in writing to the **Company** during the **Policy Period** or an **Extended Reporting Period** rising out of such **Insured's** acts or omissions in his or her capacity as a non-profit organization director or officer, as defined by the Internal Revenue Service, provided that such **Insured's** service on such non-profit organization has been disclosed to the **Company** through written notification and which has been accepted and approved in writing by the **Company**; and further provided that the maximum amount payable under this provision shall be \$15,000 per **Claim**, subject to a \$30,000 maximum for all **Claims** during the **Policy Period**. Coverage shall be excess of all valid and collectible insurance.

4. Subpoena Expenses

The **Company** will pay expenses incurred while assisting the **Insured** in responding to a subpoena which the **Insured** first receives and reports in writing to the **Company** during the **Policy Period** resulting from the performance of **Professional Services** by the **Insured**. The maximum amount payable for subpoena expenses is \$25,000 per subpoena; provided, however, that all subpoenas arising out of related acts or omissions shall be deemed to constitute a single subpoena.

5. Reputation Protection Expenses

The **Company** will pay up to \$5,000 for **Reputation Protection Expenses** incurred by the **Named Insured** when responding to a **Reputation Event** first made and first reported in writing to the **Company** within 60 days of said **Reputation Event** during the policy period or automatic **Extended Reporting Period**. \$5,000 is the maximum the **Company** will pay regardless of the number of **Reputational Event(s)**.

6. Reimbursement for Security Incident

The **Company** will reimburse the **Named Insured** for any **Security Incident Response Expenses** incurred in response to a **Security Incident** first taking place and reported to the **Company** during the **Policy Period** up to a maximum of \$25,000 per **Security Incident** and \$50,000 for all **Security Incidents** first taking place and reported to the **Company** during the **Policy Period**.

7. Reimbursement for Public Relations Crisis Expenses

The **Company** will reimburse the **Insured** for the reasonable cost of public relations consulting services provided to the **Named Insured** by a public relations consulting organization retained by the **Named Insured** in response to a **Public Relations Crisis** which first occurs and is reported to the **Company** during the policy period.

The maximum amount which the **Company** will pay for this coverage shall be \$15,000 for each **Public Relations Crisis** and \$30,000 for all **Public Relations Crises** first occurring and reported to the **Company** during the **Policy Period**, regardless of the number of **Public Relations Crises** or the number of **Insureds** involved in such **Public Relations Crises**.

G. Coverage Extension

1. Discrimination

The **Company** will provide a single combined limit of liability for both **Damages** and **Claim Expenses** up to \$500,000, for **Damages** and **Claim Expenses** as a result of all **Claims** first made against the **Insured** and reported to the **Company** during the **Policy Period** by reason of a civil lawsuit brought against the **Insured**, and arising out of **Professional Services** rendered on behalf of the **Named Insured**, for alleged violations of Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendment Act of 1988 or any similar local, state or federal statute or regulation, including resulting **Personal Injury**.

This sub-limit is an aggregate limit of liability that is included within, and not in addition to the Policy Aggregate limits of liability set forth in Item 4.B. of the Declarations.

2. Lock-box

Subject to all other terms and conditions of this policy, this policy applies to **Lock-box**. **Lock-box** is not subject to the deductible stated in Section II. Limits and Deductible, item C.

3. Open House

Subject to all other terms and conditions of this policy, this policy applies to **Open House**.

4. Fungi Claims Sublimit

Notwithstanding any exclusion to this policy, the **Company** will pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** becomes legally obligated to pay as **Damages** and **Claim Expenses** as a result of a **Fungi Claim** otherwise covered under this policy, subject to an aggregate maximum sublimit of liability of \$500,000 for all such **Fungi Claim** (herein referred to as the **Fungi Claims Sublimit**). The **Fungi Claims Sublimit** shall be part of, and not in addition to the Policy Aggregate limits of liability set forth in Item 4.B. of the Declarations.

5. Additional Insured Coverage

The insurance afforded by this policy also applies to **Additional Insured** for **Claims** or suits made against the **Additional Insured**, but only to the extent the **Additional Insured** is being held vicariously liable for **Claims** arising from

Professional Services performed by the **Named Insured**. This insurance does not apply to **Claims** or suits arising out of the negligent acts, errors or omissions of the **Additional Insureds**.

The inclusion of the **Additional Insureds** does not increase the Limit of Liability.

Once the **Claim** ceases to be made or maintained against the **Insured** then coverage provided under this policy shall cease to apply.

To the extent if any, that this policy affords coverage to an **Additional Insured** the **Additional Insured** is subject to all of the terms of the policy.

For the purpose of coverage provided herein, an **Additional Insured** is defined as:

- a. any of your clients or customers, but only if a written contract entered into by you specifically requires that the client or customer be added as an additional insured for errors and omissions insurance;
- b. any real estate franchise corporation of which the **Named Insured** is a franchisee
- c. any other person or entity add as an **Additional Insured** to this policy by written endorsement.

6. Fraudulently Induced Fund Transfer

The **Company** will pay an actual **Transfer Loss** from a **Fraudulently Induced Fund Transfer** first made and reported in writing to the **Company** during the **Policy Period** up to the aggregate maximum amount of \$35,000, which is part of and not in addition to the Policy Aggregate limits of liability set forth in Item 4.B. of the Declarations.

H. Contingent Bodily Injury or Property Damage Coverage

Notwithstanding any exclusion to this policy, the **Company** will pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** becomes legally obligated to pay as **Damages** and **Claim Expenses** as a result of **Bodily Injury** or **Property Damage** otherwise covered under this policy, subject to an aggregate maximum sublimit of liability of \$100,000 for all such **Bodily Injury or Property Damage Claims** (herein referred to as the **Bodily Injury or Property Damage Sublimit**). The **Bodily Injury or Property Damage Claims Sublimit** is an aggregate limit of liability that is included within, and not in addition to the Policy Aggregate limits of liability set forth in Item 4.B. of the Declarations.

III. DEFINITIONS

- A. Bodily Injury** means physical injury, sickness or disease sustained by any person including death resulting from any of these at any time. **Bodily Injury** also means mental illness, mental anguish, emotional distress, pain, suffering, or shock sustained by that person, whether or not resulting from physical injury, sickness, disease or death of any person.
- B. Bodily Injury or Property Damage Claim** means any **Claim** arising out of or based upon **Bodily Injury** or **Property Damage** and results solely from an act

or omission committed by the Insured in the performance of **Professional Services**

C. Business Broker means a person providing services assisting buyers and sellers in the buying and selling process of private businesses, including but not limited to the evaluation and valuation of businesses, procuring of opportunities for purchase or sale, and negotiating the terms of such transactions

D. Claim means a demand for money or services received by the **Insured** arising out of an act or omission in the performance of **Professional Services**. A **Claim** also includes the service of suit or the institution of an arbitration proceeding against the **Insured**.

E. Claims Expenses means:

1. Fees charged by attorneys designated by the **Company** or designated by the **Insured** with the **Company's** prior written consent;
2. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, mediation, defense or appeal of a **Claim**, if incurred by the **Company** or by the **Insured** with the **Company's** prior written consent; and
3. Premiums on appeal bonds, attachment bonds or similar bonds; provided, however, the **Company** is not obligated to apply for or furnish any such bond.

Claims Expenses do not include fees, costs or expenses of employees or officers of the **Company**, or salaries, loss of earnings or other remuneration by or to the **Insured**.

F. Company means the insurance company named in the Declarations.

G. 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; or

H. Development of loss control and risk management plans in connection with the construction, reconstruction or renovation. **Damages** means any compensatory sum and includes a judgment, award or settlement, provided any settlement is negotiated with the **Company's** written consent. **Damages** also includes punitive or exemplary amounts, to the extent such amounts are insurable under the applicable state law.

Damages do not include:

1. The return, reduction or restitution of fees, commissions, expenses or costs for professional services performed, or to be performed, by the **Insured** and injuries that are a consequence of any fees, commissions, expenses or costs charged by the **Insured**;
2. Fines, penalties, forfeitures or sanctions;
3. The multiplied portion of any multiplied awards; or

4. Injunctive or declaratory relief.
- I. **Disciplinary Action** means a proceeding before any state licensing board, local real estate board or other governmental body regulating professional conduct, alleging misconduct in providing **Professional Services**. **Disciplinary Action** does not include criminal charges.
- J. **Extended Reporting Period** means the period of time after the end of the **Policy Period** for reporting **Claims** to the **Company** that are made against the **Insured** during the applicable **Extended Reporting Period** by reason of an act or omission, which was committed prior to the end of the **Policy Period** and on, or subsequent to, the **Retroactive Date** and is otherwise covered by this policy.
- K. **Fungi Claim** means any **Claim** based upon or arising out of the **Insured's** failure to disclose the existence or presence of any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi or bacteria.
- L. **Fraudulently Induced Fund Transfer** means the theft of funds due to fraudulent instructions to transfer funds received by an **Insured** from someone who impersonated a customer, an authorized representative of a customer, or a third party service provider of the **Named Insured**, in connection with the **Insured's** performance of **Real Estate Professional Services**.
- M. **Guaranteed Sale Listing Contract** means a written agreement between the **Named Insured** and the seller of property in which the **Named Insured** agrees to purchase the property if it is not sold under the listing agreement within time period specified in the agreement.
- N. **Insured** means:
1. The **Named Insured**;
 2. Any past or present partner, principal, shareholder, officer, director, member, employee, independent contractor and their employees, employed or independent real estate personal assistant of such independent contractor, or any internal division, team or other group which is part of the **Named Insured** and is staffed by insured partners, principals, shareholders, officers, directors, members, employees, or independent contractors of the **Named Insured**, but only for claims arising from **Professional Services** performed on behalf of the **Named Insured**;
 3. The estate, heirs, executors, administrators assigns and legal representatives of the **Insured** in the event of such **Insured's** death, incapacity, insolvency or bankruptcy, but only for claims arising out of **Professional Services** performed by or on behalf of the **Named Insured** prior to such **Insured's** death, incapacity, insolvency or bankruptcy;
 4. Any real estate franchise corporation of which the **Named Insured** is a franchisee, but only as respects to the real estate franchise corporation's liability for acts or omissions committed by an **Insured** on behalf of the **Named Insured**;
 5. The lawful spouse or a qualifying domestic partner of any present or past

partner, principal, shareholder, officer, director, member, employee or independent contractor, but only for liability arising out of **Professional Services** performed by such partner, principal, shareholder, officer, director, member employee or independent contractor on behalf of the **Named Insured**.

- O. Lock-box** means any **Claim** arising out of the **Insured's** distribution, maintenance, operation or use of a keyless entry system or similar device used to gain access when showing properties not owned by the Insured.
- P. Mortgage Banker** means a person or entity that funds mortgage loans, either from its or their own funds, or from funds borrowed from others, whether such mortgage loans are originated by the mortgage banker or by others.
- Q. Mortgage Broker** means a person or entity acting as an intermediary between a borrower and a lender, gathering information and documentation for purposes of assessing the ability of the borrower to qualify for the loan.
- R. Named Insured** means the person or entity specified in item 1. in the Declarations.
- S. Open House** means any claim arising out of the showing of a property during an advertised designated time period where multiple potential buyers have the opportunity to view the specified property that is listed for sale by the **Insured** while the specified property is in the care, custody or control of the **Insured**.
- T. Personal Injury** means injury other than **Bodily Injury** arising out of one or more of the following offenses, by reason of an act or omission by the **Insured** in the performance of **Professional Services**:
 - 1. False arrest, detention or imprisonment;
 - 2. Malicious prosecution;
 - 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
 - 4. Oral or written publication, in any manner, of material that:
 - a. Slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - b. Violates a person's right of privacy;

Provided that **Personal Injury** shall not include any injury caused by any type or manner of oral or written publication which arises out of advertising, broadcasting or telecasting activities conducted by or on behalf of any **Insured**.
- U. Policy Period** means the period of time from the effective date shown in item 3. in the Declarations to the earliest of the date of termination, expiration or cancellation of this policy.
- V. 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.

W. Professional Services means services performed for others in the **Insured's** capacity as a(n):

1. Real estate agent or broker;
2. Leasing agent or **Property Manager**;
3. Appraiser or auctioneer of real property;
4. Real estate consultant or counselor;
5. **Short Term Escrow Agent** or notary public;
6. Member of a real estate accreditation, standards review or similar real estate board or committee; or
7. Expert witness,

Provided that all necessary licenses or certifications are held by the **Insured** at the time of the act or omission giving rise to the claim.

Professional Services shall also include services performed for others by the **Insured** on or via the **Insured's** internet, e-mail, telecommunications or similar system.

Professional Services does not include services as a **Construction Manager, Business Broker, Mortgage Broker, or Mortgage Banker.**

X. Property Damage means:

1. Physical Injury to tangible property, including all resulting loss of use of that property; or
2. Loss of use of tangible property that is not physically injured.

Y. 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 physical maintenance 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 subcontract (excluding property and liability 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 a construction manager.

Z. Public Relations Crisis means any of the following that the **Named Insured** reasonably believes will have a damaging impact on the **Named Insured's** business reputation:

1. Death or incapacitation of an **Insured**, or the departure of an **Insured** from the **Named Insured**;
 2. Potential dissolution or total termination of operations of the **Named Insured**;
 3. Incident of workplace violence; or
 4. Other major and material event.
- AA. Regulatory Claim** means any **Claim** made by, or on behalf of, the Federal Deposit Insurance Corporation or any similar federal or state regulatory agency.
- BB. Related Claims** means all **Claims** arising out of a single act or omission or **Related Acts or Omissions** in the performance of **Professional Services**.
- CC. Related Acts or Omissions** means all acts or omissions that are logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.
- DD. Reputation Event** means any actual or alleged negligent act, error, or omission that the **Named Insured** reasonably believes will have an imminent and materially adverse impact on the total revenues derived by the **Named Insured** from the performance by the **Named Insured** of **Professional Services**, including any actual or alleged negligent act, error, or omission that the **Named Insured** reasonably believes may diminish confidence in the **Named Insured** by its customers based upon unfavorable information made available through television or radio broadcasts.
- EE. Reputation Protection Expenses** means any reasonable fees, costs and expenses for consulting services paid to an external public relations firm whose engagement is limited to the adverse effects of negative publicity against the **Named Insured** caused by a **Reputation Event**.
- FF. Residential Real Property** means a one to four family dwelling.
- GG. Retroactive Date** means the date shown in item 7. in the Declarations.
- HH. Security incident** means the unauthorized access to, or use of, data containing private or confidential information in connection with the performance of **Professional Services** which results in the violation of any privacy regulation.
- II. Security Incident Response Expenses** mean any expenses incurred by the **Insured** to:
- a. Hire cyber forensic analysts to determine the extent of an actual security breach that has occurred; or
 - b. Comply with state or local privacy laws requiring that notification and credit monitoring services are to be provided to individuals when the security, confidentiality, or integrity of their personal information has been compromised.
- JJ. Short Term Escrow Agent** means an **Insured**, in connection with the sale or purchase of real property, receiving or holding funds in, or distributing funds from, an escrow or trust account when all such funds are received in the form of United States currency, certified or guaranteed check, or money order, held separately from an **Insured's** funds and where such funds are to be fully distributed within

twelve (12) months from date received.

KK. Transfer Loss means the amount of funds fraudulently transferred as a result of a **Fraudulently Induced Fund Transfer**. **Transfer Loss** does not include any indirect or consequential damages arising out of a **Fraudulently Induced Fund Transfer** or any associated attorneys' fees, costs or expenses incurred in responding to **Claims** for indirect or consequential damage arising out of a **Fraudulently Induced Fund Transfer**.

LL. Telephone Verification means an outgoing telephone call placed by the **Insured** to a predetermined, valid and in use telephone number to verify the authenticity and accuracy of the instruction received from the purported customer, the customer's authorized representative, or the third party service provider, which call resulted in verbal confirmation of the instructions and the **Insured's** preservation of a contemporaneous written record of this verification including the time of the call, the identity of the person with whom the **Insured** spoke and confirmation of routing numbers and account numbers to be used in transferring the funds.

IV. EXCLUSIONS

The **Company** will not defend or pay any **Claim**:

- A.** Based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission, or any willful violation of law, by the **Insured**. The **Company** will provide the **Insured** with a defense of such **Claim** unless and until such dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission, or willful violation of law, has been determined by any final adjudication or finding of fact in the underlying action or in a separate proceeding, or by any admission by the **Insured**. Such defense will not waive any of the **Company's** rights under this policy. Upon establishment that the dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission, or willful violation of law, by the **Insured** was committed, the **Company** will have the right to seek recovery of the **Claim Expenses** incurred from the **Insured** found to have committed the acts or omissions. The **Company** shall not provide a defense to a criminal action or proceeding against an **Insured** under any circumstances
- B.** Based on or arising out of **Bodily Injury** or **Property Damage** except that this exclusion does not apply to **Claims** arising out of **Lock-box** or **Open House**;
- C.** Based on or arising out of discrimination, humiliation, harassment, or misconduct. Including, but not limited to, **Claims** based on allegations relating to an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual preference; However, this exclusion does not apply to any coverage afforded by Section II. Limit of Liability and Deductible, paragraph G.1. Coverage Extensions - Discrimination;
- D.** Based on or arising out of the insolvency or bankruptcy of the **Insured**;
- E.** Based on or arising out of:
 - 1. Any disputes involving the **Insured's** fees, commissions or charges;
 - 2. The conversion, misappropriation, commingling or defalcation of funds or other

property;

3. The gaining of any personal profit or advantage to which the **Named Insured** is not legally entitled; or
4. The inability or failure to pay, collect or safeguard funds held for others, unless the **Insured** is acting in the capacity of a **Short Term Escrow Agent**; or
5. Any theft of funds while in the care, custody or control of an **Insured**, or while being transferred by, or at the direction of, an **Insured** or on an **Insured's** behalf;

However, this exclusion does not apply to an actual **Transfer Loss** from any **Fraudulently Induced Fund Transfer** subject to the sub-limit below and deductible specified in item 5 of the Declarations provided that:

- a. The fraudulent instructions to transfer funds were sent or received via an email server, facsimile or an internet banking system;
 - b. The **Insured** performed a **Telephone Verification** prior to executing the transfer of funds or forwarding the transfer instructions to a third party; and
 - c. the **Fraudulently Induced Fund Transfer** is not based on or arising out of any actual or alleged dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by an **Insured**.
- F. Based on or arising out of 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, selling or maintaining real property;
- G. Based on or arising out of the actual or attempted purchase of property by the **Insured**;
- H. Based on or arising out of actual or attempted sale, leasing, appraisal, 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 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 control existed at the time of the act or omission giving rise to the claim.

Provided that this exclusion will not apply to any **Claim** based on or arising out of:

- a. The actual or attempted sale or leasing of real property that the **Insured** did not construct or develop and in which the combined ownership interest of all Insureds was less than 25% at the time of sale or lease;
- b. The actual or attempted sale of residential real property, owned by an **Insured** or any entity in which any **Insured** has a financial interest, but coverage as to such **Claims** shall, subject to the applicable limit of liability, be limited to that

percentage of any amounts payable by the **Insured** for any judgment or settlement which is equal to the percentage of financial interest held in the property being sold by any entity in which the **Insured** has a financial interest, and such coverage is also subject to the following conditions in connection with such sale:

- i. A seller disclosure form was signed by the **Insured** and acknowledged in writing by the buyer prior to closing;
 - ii. An accredited written home inspection report was issued or waived in writing by the buyer prior to closing; and,
 - iii. A state or local board-approved standard sales contract was utilized;
- c. The actual or attempted sale, leasing or property management of the Insured's **Residential Real Property** by another Insured who is not the owner of such **Residential Real Property**;
- d. The actual or attempted sale of real property owned by an **Insured** if the property was acquired by an **Insured** under a written **Guaranteed Sale Listing Contract**, and the title is held by an **Insured** for 12 months or less and the property was listed for sale continuously by an **Insured** from the date of acquisition to the date of resale; or
- e. The management or leasing of real property in which an **Insured's** or all **Insureds'** controlling, legal or beneficial interest at the time property management services were performed is less than 50%;
- I. Based on or arising out of any actual or alleged violation of:
1. The Employee Retirement Income Security Act of 1974;
 2. The Securities Act of 1933;
 3. The Securities Exchange Act of 1934;
 4. Any state Blue Sky or Securities law;
 5. The Telephone Consumer Protection Act (TCPA) including any amendment of or addition to such law;
 6. The CAN-SPAM Act of 2003 including any amendment of or addition to such law;
 7. The Fair Credit Reporting Act (FCRA) and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
 8. any other federal, state or local statute, ordinance, or regulation that addresses, prohibits or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of content, information or material.
- Or any rules, regulations or amendments issued in relation to such acts, or similar state or federal statutes or regulations, including any **Claim** based upon common law principles of liability;
- J. Based on or arising out of any guarantee or promise of future status, performance or valuation in the course of performing **Professional Services** by the **Insured**;

K. Based on or arising out of:

1. The actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **Pollutants**;
2. Any injury, damage, payments, costs or expense incurred as a result of any testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of **Pollutants**; or
3. The installation, removal, disposal, handling, use or existence of, exposure to, contact with, or ingestion of lead paint or any substance or matter containing lead paint or the residue of lead paint; or
4. Contamination or radiation, including but not limited to radon, regardless of cause.

Unless and only to the extent, the **Claim** results from the Insured's failure to disclose the existence of pollutants, asbestos, lead or radon;

- L.** Based on or arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to the injury or damage; or any loss cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi or bacteria, by the **Insured** or by any other person or entity. Provided, however, that this exclusion does not apply to a **Fungi Claim**;
- M.** Based on or arising out of liability assumed by the **Insured** under any contract or agreement, unless such liability would have attached to the **Insured** even in the absence of such contract or agreement;
- N.** By or on behalf of the **Insured** against any other **Insured** under this policy unless such **Claim** arises out of **Professional Services** rendered by such other **Insured** in a professional /client relationship with the **Insured** making the **Claim**;
- O.** Based on arising out of misappropriation of trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right or unauthorized use of confidential, privileged or non-public material or information;
- P.** Based on or arising out of the sale of insurance or the failure to effect or maintain adequate levels of insurance. However, this exclusion does not apply to the **Insured's** failure to procure or maintain insurance for any property managed by the **Insured** in the course of their provision of property management services;
- Q.** Based on or arising out of the alleged notarized certification or acknowledgement by the **Insured** of a signature on any document that the **Insured** did not witness being placed on the document;

- R. Based on or arising out of any actual or alleged anti-trust law violation or any agreement or conspiracy to restrain trade;
- S. Based on or arising out of any services performed, or to have been performed by any Insured, as a **Construction Manager, Business Broker, Mortgage Broker, or Mortgage Banker**.
- T. Based on or arising out of a **Regulatory Claim**.
- U. Based on or arising out of:
 - 1. The ownership, maintenance, operation, use, entrustment to others, loading, or unloading of any motor vehicle, aircraft or watercraft, operated by, rented or loaned to any **Insured**;
 - 2. Any act or omission for which any **Insured** could be held liable under any workers compensation, unemployment compensation or disability benefits law or under any similar law; or
 - 3. **Bodily Injury** to any employee of the **Insured**, arising out of his or her employment by the **Insured** or to any obligation of the **Insured** to indemnify or contribute with another employer because of **Damages** arising out of such injury.

V. CONDITIONS

A. Reporting of Claims and Potential Claims:

- 1. The **Insured**, as a condition precedent to the obligations of the **Company** under this policy, will give written notice to the **Company**, as soon as reasonable, of any **Claim** made against the **Insured**.
- 2. If during the **Policy Period** an **Insured** becomes aware of any act or omission which may reasonably be expected to be the basis of a claim against the **Insured**, including, but not limited to, any notice, advice or threat, whether written or verbal, that any person or entity intends to hold the **Insured** responsible for any alleged act or omission and gives written notice to the **Company** with full particulars, including:
 - a. The specific act or omission;
 - b. The dates and persons involved;
 - c. The identity of anticipated or possible claimants;
 - d. The circumstances by which the **Named Insured** first became aware of the possible claim; and
 - e. Potential damages or injury.

Then any **Claim** that is subsequently made against the **Insured** arising out of such act or omission will be deemed to have been made on the date such written notice was received by the **Company**. The **Company**, at its sole option, discretion and cost, may investigate such acts or omissions and the **Company** may at its sole discretion deem a **Claim** to have been made against the **Insured**.

- 3. Notices pursuant to Conditions A.1 and A.2 above must be mailed to the

Company at the address in item 8 the Declarations.

B. Assistance and Cooperation

1. The **Insured** will cooperate with the **Company** and upon the **Company's** request, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits and proceedings in connection with a **Claim**.
2. The **Insured** will assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to the **Named Insured** in connection with a **Claim**.
3. The **Insured** will not, except at the **Insured's** own cost, voluntarily make any payment, assume or admit any liability or incur any expense without the prior written consent of the **Company**. The **Company** shall have no obligation to pay or reimburse any person or entity for sums expended to defend any **Claim** otherwise covered under this policy prior to written notice of such **Claim** being received by the **Company**.

C. Action Against the Company

1. No action may be brought against the **Company** unless, as a condition precedent thereto:
 - a. The **Insured** has fully complied with all the terms of this policy; and
 - b. Until the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after actual trial and appeal or by written agreement of the **Insured**, the claimant and the **Company**.
2. Nothing contained in this policy will give any person or organization the right to join the **Company** as a defendant or co-defendant or other party in any action against the **Insured** to determine the **Insured's** liability.

D. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve the **Company** of any of its obligations hereunder.

E. Other Insurance

Such insurance as is provided by this policy shall be excess of any other valid and collectible insurance. Coverage under this policy for any **Fraudulently Induced Fund Transfer** shall be specifically excess of, and shall not contribute with, any other valid and collectible policy or policies including, but not limited to crime, fidelity or cyber risk, whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise.

F. Subrogation

In the event of any payment for any **Claim** under this policy, the **Company** will be subrogated in the amount of such payment to all the **Insured's** rights of recovery against any person or organization. The **Insured** will execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The **Insured** will do nothing to prejudice such rights.

G. Changes

Notice to any agent of the **Company**, or knowledge possessed by any such agent or by any other person, will not affect a waiver or a change in any part of this policy and will not prevent or preclude the **Company** from asserting or invoking any right or provision of this policy. None of the provisions of this policy may be waived, changed or modified except by a written endorsement issued by the **Company** to form a part of this policy.

H. Cancellation/Nonrenewal

1. This policy may be cancelled by the **Named Insured** by returning it to the **Company**. The **Named Insured** may also cancel this policy by giving written notice to the **Company** stating at what future date cancellation is to be effective.
2. The **Company** may cancel or non-renew this policy by sending written notice to the **Named Insured** at the address last known to the **Company**. The **Company** will provide written notice at least 60 days before cancellation or nonrenewal is to be effective. However, if the **Company** cancels this policy because the **Named Insured** has failed to pay a premium when due, this policy may be canceled by the **Company** by mailing to the **Named Insured** written notice stating when, not less than 10 days thereafter, such cancellation will be effective. The time of surrender of the policy or the effective date and hour of cancellation stated in the notice will become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by the **Company** will be equivalent to mailing.
3. If the **Company** cancels this policy, the earned premium will be computed pro rata. If the **Named Insured** cancels this policy, the **Company** will retain the customary short rate proportion of the premium. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
4. The offering of terms and conditions different from the expiring terms and conditions, including limits of liability, deductible or premium, shall not constitute a refusal to renew or a cancellation of this policy.

I. Territory

This policy applies to an act or omission taking place anywhere in the world provided that any suit is brought against the **Insured** within the United States of America, its territories or possessions, Puerto Rico or Canada.

J. Entire Contract

By acceptance of this policy the **Insured** attests that:

1. All of the information and statements provided to the **Company** by the **Insured**, including, but not limited to, the application and any supplemental information, are true, accurate and complete and will be deemed to constitute material representations made by the **Insured**;

2. This policy is issued in reliance upon the **Insured's** representations;
3. This policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to the **Company**, embody all of the agreements existing between the **Insured** and the **Company** and shall constitute the entire contract between the **Insured** and the **Company**; and
4. Any material misrepresentation or concealment by the **Insured** or the **Insured's** agent will render the policy null and void and relieve the **Company** from all liability herein.

K. Notices

Other than **Claims**, any notices required to be given by the **Insured** will be submitted in writing to the **Company**, or its authorized representative. If mailed, the date of mailing of such notice will be deemed to be the date such notice was given, and proof of mailing will be sufficient proof of notice.

L. Assignment

No assignment of interest of the **Insured** under this policy is valid, unless the **Company's** written consent is endorsed hereon.

M. Liberalization

If the **Company** obtains approval for any amended state filing in the jurisdiction in which this policy is issued that would broaden coverage under this policy form without additional premium at any time during the current **Policy Period**, the broadened coverage will immediately apply to this policy, except that it will not apply to **Claims** that were first made against the **Insured** prior to the effective date of such revision.

N. Examination of Your Books and Records

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

O. Reimbursement

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

1. Within the amount of the applicable deductible; or
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 **Insured** shall repay such amounts to the **Company** within 30 days. Failure to pay any amount indicated may lead to policy termination.

P. Named Insured Sole Agent

The **Named Insured** will be the sole agent and will act on behalf of all **Insureds** for the purpose of giving or receiving any notices, any amendments to or

cancellation of this policy, for the completing of any applications and the making of any statements, representations and warranties, for the payment of any premium and the receipt of any return premium that may become due under this policy, for the payment of the deductible and the exercising or declining to exercise any right under this policy including the purchase of an **Extended Reporting Period** under Section VI., paragraph B., C., or D. of this policy.

Q. Innocent Insured

If coverage of this policy would not apply because of Section IV. EXCLUSIONS, paragraph A. or because of noncompliance with Section V. CONDITIONS, paragraph A.1., such exclusion or condition will not apply to any **Insured** who did not commit, participate in, or have knowledge of any of the acts described in Section IV. EXCLUSIONS, paragraph A. and whose conduct did not violate Section V. CONDITIONS, paragraph A.1.

R. Acquisitions and Mergers, and Other Material Changes

In the event of any merger, acquisition, or change in a franchise relationship, involving the **Named Insured**, or other material changes in the **Named Insured's** operations, there will be no coverage under this policy for any merger, acquisition, or material change until the change has been accepted in writing by the **Company** and the appropriate premium has been determined by the **Company**. Premium will be calculated in accordance with the **Company's** rules, rates, rating plans, premiums, and minimum premiums applicable to the insurance afforded herein.

VI. EXTENDED REPORTING PERIODS

A. Automatic Extended Reporting Period

If this policy is cancelled or non-renewed by either the **Company** or by the **Named Insured**, the **Company** will provide to the **Named Insured** an automatic, non-cancelable **Extended Reporting Period** starting at the termination of the **Policy Period** if the **Named Insured** has not obtained another policy of real estate appraisers errors and omissions insurance within sixty (60) days of the termination of the **Policy Period**. This automatic extended reporting period will terminate after sixty (60) days.

B. Optional Extended Reporting Period

1. If this policy is cancelled or non-renewed by either the **Company** or by the, then **Named Insured** the **Named Insured** will have the right to purchase an optional **Extended Reporting Period** of one, two or three years. Such right must be exercised by the **Named Insured** within sixty (60) days of the termination of the **Policy Period** by providing:
 - a. Written notice to the **Company**; and
 - b. With the written notice, the amount of additional premium described below.
2. The non-refundable additional premium for the optional **Extended Reporting Period** shall be:
 - a. For a one (1) year **Extended Reporting Period**, 100% of the annual premium for the policy; or

- b. For a two (2) year **Extended Reporting Period**, 135% of the annual premium for the policy; or,
 - c. For a three (3) year **Extended Reporting Period**, 150% of the annual premium for the policy.
 3. The first sixty (60) days of the optional **Extended Reporting Period**, if it is purchased, shall run concurrently with the automatic **Extended Reporting Period**.

C. Death or Disability Reporting Period Option

In the event that a designated principal, partner or owner of 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:

1. Within ninety (90) days of the of the death or permanent and total disability, the **Named Insured** or the estate of the designated principal, partner or owner of the **Named Insured** requests the unlimited **Extended Reporting Period**; and
2. The estate of the designated principal, partner or owner of the **Named Insured** furnishes written evidence and proof of the designated principal, partner or owner of the **Named Insured's** death; or
3. The designated principal, partner or owner of the **Named Insured** provides evidence and proof of the permanent and total disability, including the date of the actual disability and written certification by the attending physician.

D. Retirement Reporting Period Option

1. If a designated principal, partner or owner of the **Named Insured**:
 - a. reaches the age of 65,
 - b. Has continuously been insured by a professional liability or errors and omissions claims-made insurance policy provided by the **Company** or administered by the Program Administrator, as set forth in set forth in item 9. in the Declaration, for a minimum of five (5) Years,
 - c. Retires from active business during the policy period, and
 - d. The **Named Insured** cancels or fails to renew this policy due to dissolution of the firm,an unlimited **Extended Reporting Period** will be granted at no additional premium.
2. For all other designated principals, partners or owners of the **Named Insured** who retire from active business during the policy period and the **Named Insured** cancels or fails to renew this policy due to dissolution of the firm, an unlimited **Extended Reporting Period** can be purchased for a non-refundable additional premium of 160% of annual premium.

Such right must be exercised by the **Named Insured** within sixty (60) days of the retirement by providing:

- a. Written notice to the **Company**; and
- b. With the written notice, if applicable, the amount of additional premium described in Item D.2. above.

E. Extended Reporting Period Limits of Liability

The limit of liability of the **Company** for all **Claims** reported during any **Extended Reporting Period** will be part of and not in addition to the limit of liability, for the **Policy Period** set forth in item 4. in the Declarations.

F. Elimination of Right to Any Extended Reporting Period

There is no right to any **Extended Reporting Period** if the **Company** cancels or refuses to renew this policy due to:

1. Nonpayment of amounts due under this policy;
2. Noncompliance by the **Insured** with any of the terms and conditions of this policy;
3. Any material misrepresentation or omission in the application or the supplementary information and statements provided by the **Named Insured** for this policy.

G. Extended Reporting Period - Not a New Policy

The **Extended Reporting Period** will not be construed to be a new policy and any claim submitted during such period will otherwise be governed by this policy.

IN WITNESS WHEREOF, We have caused this policy to be executed by our President and our Corporate Secretary at New York, New York

Handwritten signature of Christy L. Gallo in cursive script.

President

Handwritten signature of Dina Daskal in cursive script.

Secretary

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

GENERAL CHANGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE POLICY

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium listed below, it is hereby agreed that the policy is amended as follows:

Additional Premium: **\$0**

Return Premium: **\$0**

The policy is amended where indicated by a below:

Item 1. Named Insured of the Declarations Page is amended to read as follows:

1. Named Insured: _____

Item 2. Address of the Declarations Page is amended to read as follows:

2. Address: _____

Item 3. Policy Period of the Declarations Page is amended to read as follows:

3. Policy Period: **From:** _____ **To:** _____

Item 4. Limits of Liability of the Declarations Page is amended to read as follows:

4. Limits of Liability: \$ _____

Item 5. Deductible of the Declarations Page is amended to read as follows:

5. Deductible: \$ _____

Item 6. Premium of the Declarations Page is amended to read as follows:

6. Premium: \$ _____

Item 7. Retroactive Date of the Declarations Page is amended to read as follows:

7. Retroactive Date: _____

Schedule of Forms (PRA 104)

The following forms are added to the policy:

1. Section II.C. is amended with the addition of the following:

The **Named Insured's** obligation to pay the deductible amount stated in Item 5. in the Declarations will be reduced by 50% of the applicable deductible, but not to exceed a maximum amount of \$5,000, for each **Claim** arising solely out of actual or alleged undisclosed defects in the **Residential Real Property** brought against an **Insured** who represented the seller of the property, provided escrow has closed, all documents relating to the transfer of title have been duly recorded, and a seller disclosure form was completed using software from a vendor approved by the **Company** and written evidence of such is provided to the **Company** within 60 days of when notice of **Claim** is received.

The following forms are deleted from the policy:

2. Exclusion T. in PRA103 is deleted in its entirety

Details Section:

NOTE: This section describes changes that are applicable to the selections above

- 1. Extends Deductible forgiveness for use of Seller Disclosure Software.**
- 2. The above noted change clarifies the intent of coverage by removing Exclusion T from the main policy, thus extending coverage for claims based upon or arising out of actions by the Federal Deposit Insurance Corporation or any similar federal or state regulatory agency (defined in the policy as "Regulatory Claims").**

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

PREDECESSOR FIRM COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed that each of the predecessor firms designated below is considered an **Insured** under this policy. It is further agreed that this policy excludes from coverage all **Claims** arising out of acts or omissions of such predecessor firms that were committed prior to the **Retroactive Date** shown below, and after the dissolution date shown below:

| Entity | Retroactive Date | <u>Dissolution Date</u> |
|---|--|---|
| <p>All Predecessors Entities and legally qualified DBA's of the Named Insured.</p> <p>Predecessor Entity means any entity which has undergone dissolution and the financial assets and liabilities of which the Named Insured is the majority successor in interest.</p> <p>DBA means assumed business names, fictitious business names, or trade names of the Named Insured or Predecessor Entity registered with the applicable Real Estate Licensing body or Secretary of State.</p> | As per Item 7 of the Declarations Page . | As per date on file with the applicable Real Estate Licensing body or Secretary of State. |

All other provisions of this policy remain unchanged.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

RELIANCE ON ANOTHER'S APPLICATION ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE POLICY

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed that **SECTION V. CONDITIONS**, subsection **J. Entire Contract** is deleted in its entirety and replaced with the following:

J. Entire Contract

By acceptance of this policy the **Insured** attests that:

1. Any and all references to an application in this policy shall include the application submitted by or on behalf of the **Insured** to the **Company**. The **Company** has relied upon all statements, representations and other information and documents contained in or submitted with such other application as if they were submitted directly to the **Company** using the **Company's** application form.
2. Such application was accurate on the date such statements were so given and that in connection therewith the **Insured** hereby reaffirm each and every statement made in the application to the insurance carrier listed below as of the effective date of this policy as if it was made to the **Company** on such date. All such statements will be deemed to be material to the risk assumed by the **Company**, are the basis of this policy and are to be considered incorporated into this policy.
3. This policy is issued in reliance upon the **Insured's** representations;
4. This policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to the **Company**, embody all of the agreements existing between the **Insured** and the **Company** and shall constitute the entire contract between the **Insured** and the **Company**; and
5. Any material misrepresentation or concealment by the **Named Insured** or the **Insured's** agent will render the policy null and void and relieve the **Company** from all liability herein.

All other provisions of this policy remain unchanged.

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Important Notice
NOTICE TO NEW CALIFORNIA POLICYHOLDERS

In the event you should have a question, complaint or concern about your insurance policy you should contact your broker; alternatively you may also contact your insurance company:

Name of Agent: _____
Telephone Number: _____
Broker Address: _____
Insurance Company: Hudson Insurance Company
Address: 100 William Street, 5th Fl, New York, NY 10038
Telephone Number: 866-246-9945 or 212-978-2800

Additionally, you may contact the Department of Insurance only after discussions with the insurer, or its agent or other representative, or both have failed to produce a satisfactory resolution to your problem at:

**California Department of Insurance
Consumer Communications Bureau
300 South Spring Street, South Tower
Los Angeles, CA 90013
1-800-927-HELP (4357) or 213-897-8921
TDD Number: 1-800-482-4TDD (4833)**

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

CALIFORNIA AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

**REAL ESTATE APPRAISERS ERRORS AND OMISSIONS INSURANCE POLICY
REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY**

In consideration of the premium charged, it is agreed that:

C. SECTION V. CONDITIONS, sub-section **H. Cancellation/Nonrenewal**, is deleted in its entirety and replaced with the following:

H. Cancellation/Nonrenewal

1. Cancellation

- a. This policy of insurance may be cancelled by the **Named Insured** by surrender thereof to the **Company** or by mailing to the **Company** written notice stating when thereafter the cancellation shall be effective.
- b. If this insurance has been in effect for more than 60 days or is a renewal, the **Company** may cancel this insurance only upon the occurrence, after the effective date of the insurance, of one or more of the following:
 - i. Nonpayment of premium, including payment due on prior insurance the **Company** issued and which was due during the current insurance term covering the same risks.
 - ii. Discovery of fraud by the **Named Insured** in obtaining this insurance; or by the **Named Insured** in pursuing a **Claim** under this insurance.
 - iii. A judgment by a court or an administrative tribunal that the **Named Insured** has violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - iv. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the **Named Insured** which materially increase any of the risks insured against.
 - v. Failure by the **Named Insured** to implement reasonable loss control requirements, agreed to by the **Named Insured** as a condition of policy issuance, or which were conditions precedent to the **Company's** use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - vi. A determination by the Commissioner that the loss of, or changes in, the **Company's** reinsurance covering all or part of the risk would threaten the **Company's** financial integrity or solvency.
 - vii. A determination by the Commissioner that a continuation of the policy coverage could place the **Company** in violation of the laws of this state or the state of its domicile or that the continuation of coverage would threaten solvency.
 - viii. A change by the **Named Insured** in the activities or property of the commercial or industrial enterprise which results in a materially

added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

- c. The **Company** will mail or deliver advance notice of cancellation stating the reason for cancellation to the **Named Insured** and to the producer of record at least:
 - i. 10 days before the effective date of cancellation if the **Company** cancels for a reason listed in paragraph b.i. or b.ii.
 - ii. 30 days before the effective date of cancellation if the **Company** cancels for any other reason listed in paragraph b.
- d. If this policy is cancelled, the **Company** will send the **Named Insured** any premium refund due. If cancelled by the **Company** or by the **Named Insured**, the refund will be pro rata.

2. Nonrenewal

- a. Subject to the provision of paragraphs b. and c. below, if the **Company** elects not to renew this insurance, the **Company** will mail or deliver written notice stating the reason for nonrenewal to the **Named Insured** and to the producer of record at least 60 days but not more than 120 days before the expiration or anniversary date.
- b. The **Company** will mail or deliver the notice to the **Named Insured** and the producer of record at the mailing address shown in the Declarations.
- c. The **Company** is not required to send notice of nonrenewal in the following situations:
 - i. If the transfer or renewal of insurance without any changes in terms, conditions or rates is between the **Company** and a member of the **Company's** insurance group.
 - ii. If the insurance has been extended for 90 days or less, provided that notice has been given in accordance with paragraph a.
 - iii. If the **Named Insured** has obtained replacement coverage or if the **Named Insured** has agreed, in writing, within 60 days of the termination of the insurance, to obtain that coverage.
 - iv. If the insurance is for a period of no more than 60 days and the **Named Insured** is notified at the time of issuance that it will not be renewed.
 - v. If the **Named Insured** requests a change in the terms or conditions or risks covered by the insurance within 60 days of the end of the insurance period.
 - vi. If the **Company** has made a written offer to the **Named Insured**, in accordance with the timeframes shown in paragraph a., to renew the insurance under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

All other provisions of this policy remain unchanged.

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CLAIMS EXPENSES INSIDE THE LIMIT OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium paid, it is agreed that

A. SECTION I. INSURING AGREEMENTS, is amended as follows:

1. Sub-section **A. Coverage** is amended by deleting the following phrase:

“Except as provided in Section II. LIMITS OF LIABILITY AND DEDUCTIBLE, paragraph G. Coverage Extension, Item 1 below, **Claim Expenses** are in addition to the limit of liability.”

2. Sub-section **C. Settlement** is deleted and replaced with the following:

C. Settlement

The **Company** will have the right to make, with the consent of the **Named Insured**, any settlement of a **Claim** under this policy. If the **Named Insured** refuses to consent to a settlement within the policy’s applicable limit of liability that is recommended by the **Company** and acceptable to the claimant, then the **Company’s** limit of liability under this policy will be reduced to the amount of **Damages** for which the **Claim** could have been settled plus all **Claims Expenses** incurred up to the time the **Company** made its recommendation.

3. Sub-section **D. Exhaustion of Limits** is deleted and replaced with the following:

D. Exhaustion of Limits

The **Company** is not obligated to pay any **Damages** or **Claim Expenses** or to defend or continue to defend any **Claim** after the applicable limit of liability has been exhausted, or after the **Company** has deposited the remaining limit of liability into a court of competent jurisdiction or tendered the remaining limit of liability to the **Named Insured** or, if applicable, to the excess insurer(s) of the **Named Insured**.

B. SECTION II. LIMITS OF LIABILITY AND DEDUCTIBLE is amended as follows:

1. Sub-section **A. Limit of Liability – Each Claim** is amended by deleting the phrase “**Damages**” and replacing it with the phrase “**Damages and Claims Expenses**”.
2. Sub-section **B. Limit of Liability – Policy Aggregate** is amended by deleting the phrase “**Damages**” and replacing it with the phrase “**Damages and Claims Expenses**”.

All other provisions of this policy remain unchanged.

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ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed that:

- A. **SECTION II. LIMITS OF LIABILITY AND DEDUCTIBLE**, sub-section **G. Coverage Extension**, sub-section **5. Additional Insured Coverage** is amended with the addition of the following:

The insurance afforded by this policy also applies to the **Additional Insured(s)** listed below for **Claims** made against the **Additional Insured**, but only to the extent the **Additional Insured** is being held responsible by reason of an act or omission, including **Personal Injury**, in the performance of **Professional Services** by the **Insured**.

This insurance does not apply to **Claims** arising out of the independent acts or omissions, including **Personal Injury**, in the performance of **Professional Services** by the **Additional Insured(s)**.

Nothing contained in this endorsement will serve to increase the **Company's** limit of liability.

Once the **Claim** ceases to be made or maintained against any **Insured** who is not an **Additional Insured**, then coverage provided under this endorsement shall cease to apply to the **Additional Insured**.

To the extent, if any, that this policy affords coverage to an **Additional Insured**, the **Additional Insured** is subject to all of the terms, provisions, conditions and exclusions of the Policy.

Schedule of **Additional Insured(s)**:

ARG Global Capital, Inc.

- B. **SECTION III – DEFINITIONS, Additional Insured**, is amended with the addition of the following:

Additional Insured also means a person or entity as designated in the endorsements, but only to the extent that an **Insured** is obligated by a written agreement to reimburse, hold harmless or indemnify the **Additional Insured(s)**, subject to all terms, provisions, conditions and exclusions of the policy.

All other provisions of this policy remain unchanged.

**This Endorsement Modifies Your Policy.
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**CONTINGENT BODILY INJURY/PROPERTY DAMAGE COVERAGE
(SUB-LIMIT OF LIABILITY)**

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed **SECTION II. LIMITS OF LIABILITY AND DEDUCTIBLE**, sub-section **H. Bodily Injury or Property Damage Coverage** is amended by deleting the phrase "\$100,000" and replacing it with "\$ 0 ".

All other provisions of this policy remain unchanged.

**This Endorsement Modifies Your Policy.
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MORTGAGE BROKERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed that:

A. SECTION III. DEFINITIONS, sub-section **X. Professional Services**, is amended to include services as a **Mortgage Broker**.

B. SECTION IV. EXCLUSIONS is amended as follows:

1. Sub-section **S.** is deleted in its entirety and replaced with the following:

S. Based on or arising out of any services performed, or to have been performed by any Insured, as a **Construction Manager, Business Broker, or Mortgage Banker**.

2. The following is added:

- The **Company** will not defend or pay any **Claim** based on or arising out of:
 - a. Any defect in lien;
 - b. Mortgage banking services including, but not limited to, the underwriting of loans, the retention of loans, the warehousing of loans, the servicing of loans, the solicitation of investors, the purchasing of loans or arrangement for the repurchasing of loans;
 - c. Any transaction involving a loan funded in whole or in part by the Insured's own funds;
 - d. Any guarantee of funds availability or specified interest rate, including a locked interest rate unless the guaranteed locked in rate was as provided by the institution that is providing the funds;
 - e. Bankruptcy, insolvency of a lender;
 - f. The failure to comply with the standards, codes, regulations or guidelines of any federal or state regulatory agency mortgage program; or
 - g. Any service performed as a mortgage broker, in relation to a property in which the Insured has a financial interest.

All other provisions of this policy remain unchanged.

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PROFESSIONAL SERVICES RETROACTIVE COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed that **SECTION III. DEFINITIONS, Professional Services** is amended with the addition of the following:

Professional Services also includes those services scheduled below; provided, however, that the **Company** will not defend or pay any **Claim** arising out of acts or omissions in the performance of, or failure to perform, such **Professional Services** that were committed prior to the service start date and after the service end date shown below.

| <u>Professional Service</u> | <u>Service Start Date</u> | <u>Service End Date</u> |
|-----------------------------|---------------------------|-------------------------|
| Mortgage Broker | 03/16/2020 | |
| Property Management | 03/16/2021 | |
| | | |
| | | |
| | | |

All other provisions of this policy remain unchanged.

**This Endorsement Modifies Your Policy.
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SPECIFIED ENTITY COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS INSURANCE POLICY

In consideration of the premium charged, it is agreed the entity(s) designated below are **Insureds** under this policy. It is further agreed that this policy excludes all **Claims** arising out of acts or omissions of such entity(s) that were committed before the retroactive date shown below:

| <u>Entity</u> | <u>Retroactive Date</u> | |
|------------------------|-------------------------|-------------|
| Trilogy Partners, Inc. | 07/01/2020 | at 12:01 AM |
| _____ | _____ | at 12:01 AM |
| _____ | _____ | at 12:01 AM |
| _____ | _____ | at 12:01 AM |
| _____ | _____ | at 12:01 AM |
| _____ | _____ | at 12:01 AM |

All other provisions of this policy remain unchanged.