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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

In re:)	Case No. 2:16-cv-00060-JAD-GWF
)	
AMERI-DREAM REALTY, LLC,)	Bankruptcy Case No.: 15-10110-LED
)	
Debtor.)	Chapter 7
)	
<hr/> VICTORIA NELSON, In Her Capacity As The)	
Chapter 7 Trustee Of AMERI-DREAM)	
REALTY, LLC,)	
Plaintiff,)	
)	Adv. Proceeding No.: 15-01183-LED
vs.)	
)	
XL AMERICA, INC.; XL INSURANCE)	
AMERICA, INC.; XL SELECT)	
PROFESSIONAL; PEARL INSURANCE)	
GROUP, LLC; GREENWICH INSURANCE)	
COMPANY; and DOES I through X; and ROE)	
CORPORATE DEFENDANTS XI through)	
XX,)	
Defendants.)	
<hr/>)	

**STATEMENT OF UNDISPUTED FACTS IN SUPPORT OF
PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT**

Victoria L. Nelson, in her capacity as the Chapter 7 Trustee (the “**Plaintiff**” or the “**Trustee**”) of the bankruptcy estate of Ameri-Dream Realty, LLC (the “**Debtor**” or the “**Company**”), by and through her attorneys of record, Schwartz Flansburg PLLC, submits her

1 Statement of Undisputed Facts to accompany her Motion for Summary Judgment (the
2 “**Motion**”) against defendants XL America, Inc., XL Insurance America, Inc., XL Select
3 Professional, Pearl Insurance Group, LLC and Greenwich Insurance Company (each a
4 “**Defendant**” and collectively, the “**Defendants**”) on all claims for relief set forth in that
5 certain adversary complaint (the “**Complaint**”) filed on October 29, 2015, in the United States
6 Bankruptcy Court for the District of Nevada, Adversary Proceeding No. 15-01183-LED, and
7 filed with this Court on December 22, 2016.

8 **STATEMENT OF UNDISPUTED FACTS**

9
10 1. Ameri-Dream Realty, LLC (the “**Company**”) was a real estate sales and property
11 management company based in Las Vegas, Nevada prior to filing for relief under Chapter 7 of
12 the United States Bankruptcy Code.

13 2. The Company is a resident of the State of Nevada and conducted significant
14 business activities in the District of Nevada.

15
16 3. The Plaintiff is the Court-appointed Chapter 7 Trustee over the bankruptcy estate
17 of the Company in Case No. 15-10110-LED, United States Bankruptcy Court for the District of
18 Nevada (the “**Action**”). The Plaintiff, as trustee of the bankruptcy estate of the Company, is
19 charged with obtaining recoveries and maximizing the value of the bankruptcy estate for the
20 benefit of thousands of creditors of the Company.

21
22 4. XL America, Inc., XL Insurance America, Inc. and XL Select Professional
23 (collectively, “**XL America**”) are U.S. based insurers offering insurance and reinsurance
24 coverages and services.

6. Greenwich Insurance Company (“**Greenwich**”) is a member of XL America and a domestic insurance company which offers a variety of insurance coverage to individuals and corporations throughout the United States.

6. Greenwich Insurance Company (“**Greenwich**”) is a member of XL America and a domestic insurance company which offers a variety of insurance coverage to individuals and corporations throughout the United States.

INSURANCE POLICY

7. The Defendants provided a Real Estate Professionals Errors and Omissions Policy, Policy No. PEG9145932-5, for the policy period of June 14, 2012, through June 14, 2013 (the “**2012-2013 Policy**”) to the Company. A copy of the 2012-2013 Policy is attached hereto as **Exhibit A**. The Defendants provided an identical Real Estate Professionals Errors and Omissions Policy, Policy No. PEG9145932-6 for the policy period of June 14, 2013, through June 14, 2014 (the “**2013-2014 Policy**”) to the Company. A copy of the 2013-2014 Policy is attached hereto as **Exhibit B**. The 2012-2013 Policy and the 2013-2014 Policy shall be collectively referred to as the “**Policy**.”

8. The Company is named as an insured and entitled to coverage under the Policy.

COMPANY BACKGROUND

9. The Company was managed by John M. Brown (“**Mr. Brown**”) and his former spouse, Elsie Pelada-Brown (“**Ms. Peladas-Brown**”).

10. As part of its business, the Company managed residential rental properties (the “**Business**”). In the normal course of its Business, the Company received and held rental security deposits on behalf of its customers’ tenants. At the time of the wrongful actions asserted

1 herein, the Company held in excess of \$1,200,000 of tenant security deposit money (the
2 “**Security Deposits**”).

3 11. Under Nevada Revised Statutes Section 645.310(1), security deposits for tenants
4 are to be retained until the termination of the underlying lease or rental transaction.

5 **THE UNAUTHORIZED TRANSFERS**

6 12. In late March 2014, the Company discovered that significant funds were missing
7 from the bank account designated to hold tenant security deposits. At the time of the discovery,
8 the Company held security deposits for more than 1,000 tenants.
9

10 13. Mr. Brown subsequently discovered that significant funds had been transferred
11 from a bank account designated to hold those tenant Security Deposits on behalf of the
12 Company.
13

14 14. Unknown to Mr. Brown or the Company, Ms. Pelada-Brown orchestrated various
15 unauthorized transactions, which transactions included the wire transfers of the majority of the
16 Security Deposits to the Philippines.

17 15. Specifically, on the following dates, Ms. Peladas-Brown Brown transferred
18 money from the Company’s general account at JP Morgan Chase Bank (the “**General Account**”)
19 and/or security deposit account at JP Morgan Chase Bank (the “**Security Deposit Account**”) to
20 Unibank, Inc. Metro Philippines (the “**Philippines Bank**”):
21

22 a. On February 27, 2013, Ms. Peladas-Brown transferred \$25,000 from the
23 General Account to the Philippines Bank;

24 b. On May 14, 2013, Ms. Peladas-Brown transferred \$50,000 from the
25 Security Deposit Account to the Philippines Bank;
26
27

1 c. On April 10, 2013, Ms. Peladas-Brown transferred \$49,263 from the
2 Security Deposit Account to the Philippines Bank;

3 d. On April 17, 2013, Ms. Peladas-Brown transferred \$24,600 from the
4 Security Deposit Account to the Philippines Bank;

5 e. On May 17, 2013, Ms. Peladas-Brown transferred \$97,930 from the
6 Security Deposit Account to the Philippines Bank;

7 f. On May 24, 2013, Ms. Peladas-Brown transferred \$49,000 from the
8 Security Deposit Account to the Philippines Bank;

9 g. On June 25, 2013, Ms. Peladas-Brown transferred \$71,500 from the
10 Security Deposit Account to the Philippines Bank;

11 h. On July 18, 2013, Ms. Peladas-Brown transferred \$35,000 from the
12 security deposit account to the Philippines Bank;

13 i. On September 10, 2013, Ms. Peladas-Brown transferred \$7,670 from the
14 Security Deposit Account to the Philippines Bank;

15 j. On September 23, 2013, Ms. Peladas-Brown transferred \$18,700 from the
16 Security Deposit Account to the Philippines Bank;

17 k. On September 27, 2013, Ms. Peladas-Brown transferred \$23,255 from the
18 Security Deposit Account to the Philippines Bank;

19 l. On October 9, 2013, Ms. Peladas-Brown transferred \$10,020 from the
20 Security Deposit Account to the Philippines Bank;

21 m. On October 22, 2013, Ms. Peladas-Brown transferred \$13,960 from the
22 Security Deposit Account to the Philippines Bank;

1 n. On October 24, 2013, Ms. Peladas-Brown transferred \$11,700 from the
2 Security Deposit Account to the Philippines Bank; and

3 o. On December 20, 2013, Ms. Peladas-Brown transferred \$8,000 from the
4 Security Deposit Account to the Philippines Bank.

5 16. Including, but not limited to, the specific transactions listed above, Ms. Peladas-
6 Brown embezzled a total of \$1,174,373.63 in Security Deposits from the Company.
7

8 **THE INNOCENCE OF THE COMPANY AND MR. BROWN**

9 17. Neither the Company nor Mr. Brown had any knowledge of Ms. Peladas-Brown's
10 scheme; and on May 4, 2015, Mr. Brown was divorced from Ms. Peladas-Brown. The divorce
11 decree, which was uncontested, requires Ms. Peladas-Brown to indemnify Mr. Brown and the
12 Company for her unilateral embezzlement of the Security Deposits.

13 18. At all times relevant herein, Ms. Peladas-Brown was a member, manager and the
14 property manager for the Company. Ms. Peladas-Brown was also a licensed real estate agent
15 and property manager in the State of Nevada, and a member of the Greater Association of Las
16 Vegas Realtors.
17

18 **THE PROSECUTION OF MS. PELADAS-BROWN**

19 19. As a licensed realtor and property manager in the State of Nevada, Ms. Peladas-
20 Brown is charged with the knowledge and responsibility of safeguarding the Security Deposits.
21 It is undeniable in light of Ms. Peladas-Brown's licenses that she knew sending the Security
22 Deposits to the Philippines would be a violation of the law, and would cause her to lose her real
23 estate licenses, which licenses are now inactive. Ms. Peladas-Brown also knew she had a duty to
24 manage the Security Deposits prudently and in a fashion that minimized risk.
25
26
27

1 20. In sum, Ms. Peladas-Brown had the knowledge and the motive to breach her
2 fiduciary duties to the Company, its customers and its tenants, and in fact did breach such duties
3 by secretly transferring the Security Deposits to the Philippines. The transfers of the Security
4 Deposits were made for no consideration at all, and Ms. Peladas-Brown understood the Security
5 Deposits could not possibly be repaid.

6 21. On September 16, 2015, the Nevada Real Estate Commission held a hearing
7 regarding Ms. Peladas-Brown's actions, where her attorney, Mr. Lance Maningo, stated Ms.
8 Peladas-Brown's did in fact carry out the factual allegations listed above, and admitted the funds
9 were used to support Ms. Peladas-Brown's family and friends in the Philippines after
10 catastrophic events.

11 22. The Security Deposits were disbursed by Ms. Peladas-Brown in the Philippines
12 and are not recoverable. Ms. Peladas-Brown disbursed the Security Deposits to friends and
13 family in need after the damage caused by catastrophic events in the Philippines.
14

15 **ADVERSARY PROCEEDING AGAINST MS. PELADAS-BROWN**

16 23. On May 21, 2015, the Trustee, in her capacity as Chapter 7 Trustee for the
17 Company, initiated that certain adversary proceeding against Ms. Peladas-Brown in the United
18 States Bankruptcy Court for the District of Nevada, Adversary Case No. 15-01087-LED.
19

20 24. In her complaint, the Trustee asserted four claims for relief against Ms. Peladas-
21 Brown: (i) breach of fiduciary duty to the Company; (ii) common law misrepresentation to the
22 Company; (iii) negligent misrepresentation to the Company; and (iv) declaratory relief that the
23 Company and Mr. Brown are innocent and had no knowledge of Ms. Peladas-Brown's
24 wrongdoings (collectively, the "**Peladas-Brown Claims for Relief**").
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27

the Insured,” under the facts described herein, the Company and Mr. Brown constitute “Innocent Insureds” under Section VI(D) of the Policy:

D. Innocent Insureds

If coverage of this policy would not apply because of Exclusion C. or because of noncompliance with Condition B., 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 Exclusion C. and whose conduct did not violate Condition B.

32. While the Policy also excludes coverage under Section IV(D) for claims “based on or arising out of the conversion, commingling, defalcation, misappropriation or improper use of funds or other property,” the Company and Mr. Brown, as set forth above, are Innocent Insureds. Importantly, the Bankruptcy Court’s Findings of Fact and Conclusions of Law in the Peladas-Brown adversary proceeding specifically state the following:

¶ 15. The Company was unaware at all times relevant to the Complaint that the Defendant conspired to abscond with the Security Deposits in the Philippines.

¶ 16. Mr. Brown was unaware at all times relevant to the Complaint that the Defendant conspired to abscond with the Security Deposits to the Philippines.

¶ 17. The Company and Mr. Brown are innocent of all claims asserted in the Complaint against the Defendant.

See Adv. Pro. No. 15-01087-LED, Docket No. 21, ¶¶ 15-17.

33. Accordingly, the Bankruptcy Court’s Findings of Fact and Conclusions of Law in the Peladas-Brown proceeding specifically indicate that Mr. Brown and the Company were unaware of any acts giving rise to the acts which would prevent coverage under Exclusion D of the Policy. Therefore, based on the Bankruptcy Court’s findings and the Innocent Insureds provision of the Policy, the Company and Mr. Brown are innocent of all acts that would give rise to the triggering of Exclusion D of the Policy.

1 34. Ms. Peladas-Brown's unilateral wrongdoings triggered Greenwich's obligation to
2 indemnify the Company for the loss of the Security Deposits.

3 35. On April 10, 2014, Mr. Works, as counsel for the Company and Mr. Brown,
4 submitted a claim report form to the Defendants (the "**Claim**"), providing additional notice of a
5 claim under the Policy and the obligations of the Defendants to reimburse the Company based on
6 Ms. Peladas-Brown's actions. A copy of the Claim is attached to the Complaint as Exhibit 2.

7
8 36. Upon initiation of the Adversary Proceeding, Defendants were once again
9 provided Notice of the Claim, particularly that Defendants were ignorant and innocent of Ms.
10 Peladas-Brown's unilateral wrongdoings, which is attached to the Complaint as Exhibit 3.

11 37. As of the date hereof, the Defendants have not paid any monies to the Company
12 or Mr. Brown for claims made under the Policy.

13 Dated this 22nd day of December, 2016.

14 Respectfully Submitted,

15 /s/ Samuel A. Schwartz

16 Samuel A. Schwartz, Esq.

17 Nevada Bar No. 10985

18 Bryan A. Lindsey, Esq.

19 Nevada Bar No. 10662

20 Schwartz Flansburg PLLC

21 6623 Las Vegas Blvd. South, Suite 300

22 Las Vegas, Nevada 89119

23 Telephone: (702) 385-5544

24 Facsimile: (702) 385-2741

25 Attorneys for the Chapter 7 Trustee, Victoria L. Nelson
26
27

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent electronically via the Court's CM/ECF system on December 22, 2016, to the following:

SAMUEL A. SCHWARTZ on behalf of Plaintiff VICTORIA NELSON
sam@schwartzlawyers.com, ecf@schwartzlawyers.com;schwartzecf@gmail.com

Lionel Santos
Lee.santos@xlcattlin.com

Kimberly E. Rients Blair, Esq.
Kimberly.Blair@wilsonelser.com

Jennifer Willis Arledge, Esq.
Jennifer.Arledge@wilsonelser.com

I HEREBY CERTIFY that a true and correct copy of the foregoing was sent via REGULAR MAIL on December 22, 2016, to the following:

XL America, Inc.
C/O The Corporation Trust Company,
Registered Agent
Corporation Trust Center
1209 Orange St
Wilmington, DE 19801

Pearl Insurance Group, LLC
C/O CT Corporation Systems, Registered
Agent
208 South Lasalle St, Ste 814
Chicago, IL 60604

XL Insurance America, Inc.
C/O The Corporation Trust Company,
Registered Agent
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

Greenwich Insurance Company
C/O The Corporation Trust Company,
Registered Agent
Corporation Trust Center
1209 Orange St
Wilmington, DE 19801

Pearl Insurance Group, LLC
C/O CT Corporation System, Registered
Agent
1200 E. Glen Avenue
Peoria Heights, IL 61616

XL Select Professional
C/O The Corporation Trust Company,
Registered Agent
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

XL Select Professional
c/o Lee Santos
100 Constitution Plaza, 17th Floor
Hartford, CT 06103

1 XL Select Professional
2 c/o Kimberly E. Rients Blair, Esq.
3 Wilson Elser Moskowitz Edelman & Dicker LLP
4 55 West Monroe Street, Suite 3800
5 Chicago, IL 60603-5001

6 /s/ Christy L. Cahall
7 Christy L. Cahall
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Exhibit A

P E A R L

I N S U R A N C E

1200 E. Glen Ave., Peoria Heights, IL 61616-5348 – www.pearlinsurance.com

----- ADDRESS SERVICE REQUESTED -----

Ameri-Dream Realty, LLC dba AmeriDream Realty
John Brown
4875 W Nevso Dr
Las Vegas, NV 89103-3787



1200 East Glen Avenue
Peoria Heights, IL 61615
www.pearlinsurance.com

06/19/2012

John Brown
Ameri-Dream Realty, LLC dba AmeriDream Realty
4875 W Nevso Dr
Las Vegas, NV 89103-3787

***Thank You—Your
Errors & Omissions
policy is renewed!***

RE: REAL ESTATE ERRORS & OMISSIONS POLICY
Policy No.: PEG9145932-5
Effective Date: 2012-06-14

Dear John,

Thank you for allowing Pearl Insurance to continue to administer your Real Estate Errors & Omissions insurance policy. It's been such a pleasure working with you throughout this renewal process! Attached is your Renewal Certificate—if any forms and endorsements have changed with your renewal, these are included in your renewal package.

Before filing this E&O policy renewal package with your expiring policy information, be sure to carefully review these items to be certain they are what you ordered when placing your coverage with us. If you discover any errors, please report this promptly by calling us at the number below.

We truly value your business and appreciate any referrals, as we would be thankful for the opportunity to prove Pearl's comprehensive coverage and quality customer service to your colleagues, too. If you have been impressed by our services, **please take a moment to complete the Pearl referral request slip included in this package.**

Allow us to assist you in any way we can during this coming policy year. If you have any questions regarding your renewed E&O policy, please do not hesitate to call us at the number below or e-mail at your convenience.

Sincerely,

Pearl Insurance

Client Relations Team
1-800-709-1859
renew@pearlinsurance.com

P.S. Call us today to learn about our entire line of innovative insurance solutions, including Bonds, Title Coverage, Property & General Liability, Worker's Compensation, and more!

Dear Policyholder:

On the declaration page of your insurance policy you will find important information about your insurance coverage, including the policy premium. XL believes that it is important for policyholders to know that the insurance premium you pay for this policy includes not only the cost for the insurance provided by XL but it may also include the compensation we may pay to the insurance producer who has arranged for the placement of your insurance with XL.

We at XL are committed to full transparency concerning the amount of premium allocated to insurance producer compensation. In the event that you have a question about the amount of compensation paid to the insurance producer for your insurance policy, we encourage you to contact your insurance producer.

Thank you for insuring with XL.

NOTICE TO POLICYHOLDERS

PRIVACY POLICY

The XL America, Inc. insurance group (the "Companies"), believes personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as "customers") must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act ("GLBA"), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term "personal information" includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

Our Privacy Promise

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the XL insurance group of Companies or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

Collection and Sources of Information

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- **Submission** – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- **Quotes** – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;
- **Transactions** – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- **Claims** – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how

best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and

- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose "consumer credit report" type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer's eligibility for credit, insurance or employment. "Consumer credit report type information" means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;
- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

NOTICE TO POLICYHOLDERS

U.S TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

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

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
- Narcotics traffickers

as "Specially Designated Nationals and Blocked Persons". This list can be found 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 will be immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, neither payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

NOTICE TO POLICYHOLDERS

FRAUD NOTICE

Arkansas	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kansas	A "fraudulent insurance act" means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Louisiana	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

NOTICE TO POLICYHOLDERS

New York	<p>All Commercial Insurance, Except As Provided for Automobile Insurance:</p> <p>Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>Automobile Insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for commercial insurance or a statement of claim for any commercial or personal insurance benefits containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, and any person who, in connection with such application or claim, knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p>
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
Pennsylvania	<p>All Commercial Insurance, Except As Provided for Automobile Insurance:</p> <p>Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.</p> <p>Automobile Insurance: Any person who knowingly and with intent to injure or defraud any insurer files an application or claim containing any false, incomplete or misleading information shall, upon conviction, be subject to imprisonment for up to seven years and the payment of a fine of up to \$15,000.</p>
Puerto Rico	Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.
Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO POLICYHOLDERS

Tennessee	<p>All Commercial Insurance, Except As Provided for Workers' Compensation It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.</p> <p>Workers' Compensation: It is a crime to knowingly provide false, incomplete or misleading information to any party to a workers' compensation transaction for the purpose of committing fraud. Penalties include imprisonment, fines and denial of insurance benefits.</p>
Utah	Workers' Compensation: Any person who knowingly presents false or fraudulent underwriting information, files or causes to be filed a false or fraudulent claim for disability compensation or medical benefits, or submits a false or fraudulent report or billing for health care fees or other professional services is guilty of a crime and may be subject to fines and confinement in state prison.
Virginia	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison.



Greenwich Insurance Company
Members of the XL America Companies

The company providing the insurance afforded by this coverage is indicated above.

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS DECLARATIONS

THIS IS A CLAIMS MADE INSURANCE POLICY. PLEASE READ IT CAREFULLY.

PRODUCER: Pearl Insurance Group
PRODUCER #: 08938

POLICY NUMBER: PEG9145932-5

THIS IS A CLAIMS MADE POLICY. THE POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. 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. CLAIM EXPENSES ARE IN ADDITION TO THE LIMIT OF LIABILITY. PLEASE REVIEW THIS POLICY CAREFULLY.

Item 1. NAMED INSURED:

Ameri-Dream Realty, LLC dba AmeriDream Realty

Item 2. ADDRESS:

4875 W Nevso Dr
Las Vegas, NV 89103-3787

Item 3. POLICY PERIOD: FROM 06/14/2012 TO 06/14/2013

12:01 A.M. Standard Time at the address of the Named Insured as stated herein.

Item 4. LIMITS OF LIABILITY

A. Limits of Liability	\$ 1,000,000 Each Claim	\$ 1,000,000 Policy Aggregate
B. Fair Housing Discrimination Limit of Liability		\$ 250,000 Aggregate

Item 5. DEDUCTIBLE

\$ 5,000 Each Claim

Item 6. PREMIUM: \$ 8,975 *

Item 7. RETROACTIVE DATE 6/14/2007

Item 8. NOTICES TO BE SENT TO:

Report A Claim

XL Select Professional Claims
100 Constitution Plaza
17th Floor
Hartford, CT 06103

Material Changes

Pearl Insurance Group, LLC
1200 East Glen Avenue
Peoria Heights, IL 61616
1/800-447-4982

Item 9. FORMS AND ENDORSEMENTS ATTACHED AT POLICY EFFECTIVE DATE:

JPP-PF (04/11) Real Estate Errors & Omissions Policy Form
JPP-NV1 (06/05) Nevada Changes
JPP-134 (03/08) Open House Endorsement
JPP 101 (06/05) Additional Named Insured Endorsement
JPP 116 (06/05) Deductible Reduction Endorsement

DATE: 06/19/2012

Authorized Representative

Gary P. Pearl

President and CEO

IN WITNESS

GREENWICH INSURANCE COMPANY

REGULATORY OFFICE
505 EAGLEVIEW BOULEVARD, SUITE 100
DEPARTMENT: REGULATORY
EXTON, PA 19341-0636
PHONE: 800-688-1840

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



Seraina Maag
President



Toni Ann Perkins
Secretary

ENDORSEMENT # 1

This endorsement, effective 12:01 a.m., 06/14/2012 forms a part of Policy No. -PEG9145932-5- issued to Ameri-Dream Realty, LLC dba AmeriDream Realty by Greenwich Insurance Company.

NEVADA CHANGES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

It is agreed that Section VI., CONDITIONS, paragraph M. of the policy, is deleted and replaced by the following:

M. Cancellation and Nonrenewal

1. This policy may be cancelled by the **Named Insured** by giving the **Company** written notice stating when, thereafter, such cancellation will be effective. If the **Named Insured** cancels, the earned premium will be calculated on a short rate basis.
2. This policy may also be cancelled by the **Company** by sending written notice to the **Named Insured** at the last address known to the **Company**. The **Company** will provide written notice at least 30 days before cancellation is to be effective, except for nonpayment of premium in which case the **Company** will provide 10 days written notice prior to cancellation. The earned premium will be calculated on a pro rata basis.
3. After this policy has been in effect for more than 60 days, or if this policy is a renewal, the **Company** may not cancel this policy unless cancellation is based on one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. Conviction of the **Named Insured** of a crime arising out of acts increasing the hazard insured against;
 - c. Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a **Claim** thereunder;
 - d. Discovery of an act or omission, or of a violation of any condition of the policy, which occurred after the first effective date of the current policy and which substantially and materially increases the hazard insured against;
 - e. A material change in the nature or extent of the risk occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
 - f. A determination by the Nevada Commissioner of Insurance that continuation of the **Company's** present volume of premiums would jeopardize the **Company's** solvency or be hazardous to the interests of policyholders of the **Company**, its creditors or the public; or
 - g. A determination by the Commissioner that the continuation of the policy would violate, or place the **Company** in violation of, any provision of the Nevada Insurance Code.

4. The notice of cancellation will state the effective date and include a written explanation of the reason(s) for the cancellation.
5. The **Company** may choose not to renew this policy by delivering or mailing, by first class or certified mail, written notice to the **Named Insured** at the address last known by the **Company**. The notice of nonrenewal will state the effective and include a written explanation of the reason(s) for the nonrenewal. The **Company** will provide written notice of nonrenewal at least 60 days prior to the expiration of the **policy period**.
6. In the event notice of nonrenewal is not provided to the **Named Insured** at least 60 days prior to the expiration of the **policy period**, the **Named Insured** will be entitled to renewal of the policy under the same terms as in the expiring policy. This paragraph will not apply if the **Named Insured** has accepted replacement coverage or has requested or agreed to the nonrenewal.
7. If the **Company** conditions renewal of the policy on different terms or different rates, the **Company** will deliver or mail written notice of the different terms or rates to the **Named Insured** at least 30 days before those terms or rates become effective. The **Named Insured** may, within 30 days after receipt of such notice of the changes in the policy, cancel the policy. If the **Named Insured** elects to cancel the policy, the premium for the expired portion of the renewal policy will be calculated pro rata.
8. If a notice of cancellation or nonrenewal does not state the facts on which the **Company's** decision is based, the **Company** will supply such information within six (6) days after receipt of a written request by the **Named Insured**.
9. For the purpose of this policy, notice of cancellation, nonrenewal or renewal with different terms or rates given to the **Named Insured** pursuant to this paragraph M, will be deemed to be notice to all **Insureds** hereunder.

All other provisions of this policy remain unchanged.

ENDORSEMENT # 2

This endorsement, effective 12:01 a.m., 6/14/2012 forms a part of Policy No. -PEG9145932-5- issued to Ameri-Dream Realty, LLC dba AmeriDream Realty by Greenwich Insurance Company.

OPEN HOUSE – PROPERTY DAMAGE COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

In consideration of the premium charged, it is agreed the policy is amended as follows:

1. Section III, **DEFINITIONS**, is amended to include the following:

Open House means an advertised designated time period (up to 3 hours) where multiple potential buyers have the opportunity to view the specified property that is listed for sale by the **Insured** while in the care, custody or control of the **Insured**.

2. Section IV, **EXCLUSIONS**, paragraph **B** is deleted in its entirety and replaced with the following:

B. based on or arising out of **property damage** except that this exclusion will not apply to **claims** arising out of **lock-box or open house**;

3. Item 4. In the Declarations, Limits of Liability is amended to add the following:

Open House Limit of Liability \$ _1,000,000__

4. Section V, **LIMITS OF LIABILITY AND DEDUCTIBLE**, is amended to include the following:

Open House Limit of Liability:

The "**Open House Limit of Liability**" as set forth above is a sub-limit included within, and not in addition to, the "**each claim**" and "**Policy Aggregate**" limits of liability and will not be considered as separate to such limits of liability.

All other provisions of this policy remain unchanged.

REALTORS® ERRORS & OMISSIONS CLAIM REPORT

Notice of each and every incident, claim, or suit is to be sent immediately to XL Insurance Company at the address shown below. Tips and procedures on reporting claims can be found on the enclosed form. Any claims questions can be answered by contacting the Claim Helpline 1-877-791-3777.

Firm Name: Ameri-Dream Realty, LLC dba AmeriDream Realty

Contact Name: John Brown

Address: 4875 W Nevso Dr

City: Las Vegas

State: NV

Zip: 89103-3787

Phone: ☐

Fax: ☐

E-mail: ☐

Policy #: – PEG9145932-5

Policy Period: 06/14/2012 – 06/14/2013

Name of Claimant:

Date of Occurrence:

Address of Property Involved:

Name of Agent Involved:

Type of Agent:

Listing

Selling

Buyers

Dual

Has the suit been received:

Yes

No

Date of Service:

Specific Nature of Incident:

Note: Include type of demand (verbal or written) for damages that may result and a copy of all written demands/legal documents if a lawsuit has been initiated/served.

Requested by:

Signature:

Date:

Mail to: XL Select Professional
Attn: Select Professional Claim Department
100 Constitution Plaza, 17th Floor
Hartford, CT 06103
860-293-3120 (Phone)

P E A R L
INSURANCE

REALTORS® CLAIM REPORT TIPS & PROCEDURES

- Your policy requires that immediate written notice be given to the insurance company as soon as possible after receiving notification of a claim or potential incident.
- Please complete the enclosed Claim Report and forward with all demands, suits or other papers immediately to the address on the Claim Report. If reporting an "incident" the following information should be available but there is no need to include it with your initial report or letter.
- Create a claims/incident file consisting of the following for use by the claim department and its representatives:
 - Listing Agreement
 - Sales Contract
 - Closing Documents
 - Any correspondence, notes and phone messages relative to the incident.
 - Copies of any written/oral side agreements with the claimant or codefendant.
- All parties involved with the claim/incident should prepare a chronological history of their participation and their understanding of the activities surrounding the claim/incident.
- Do not discuss the matter with anyone other than representatives of your insurer.
- Do not produce any of your records relative to this incident for inspection without clearance and/or approval from the insurer.
- The insurance company will retain appropriate counsel and will communicate with the named insured for all information regarding the claim/incident.

Greenwich Insurance Company
Indian Harbor Insurance Company

XL INSURANCE

Underwritten by:

Marketed and Administered by:

P E A R L
INSURANCE

ENDORSEMENT # 3

This endorsement, effective 12:01 a.m., 06-14-2012 forms a part of Policy No. -PEG9145932-5- issued to Ameri-Dream Realty, LLC dba AmeriDream Realty by Greenwich Insurance Company..

DEDUCTIBLE REDUCTION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the premium charged, it is hereby agreed **Section I. INSURING AGREEMENTS**, paragraph **B. Defense and Settlement** is deleted in its entirety and replaced with the following:

B. Defense and Settlement

The **Company** has the right and duty to defend any **claim** against the **Insured** even if allegations of the **claim** are groundless, false or fraudulent. Defense counsel will 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. The **Company** is not obligated to pay any **damages** or **claim expenses** or to defend or to continue to defend any **claim** after the applicable limit of liability has been exhausted by payment of **damages**.

The **Company** will not settle any **claim** without the consent of the **Named Insured**. 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 for such **claim** will be the amount of **damages** for which the **claim** could have been settled plus all the **claims expenses** incurred up to the time the **Company** made its recommendation.

It is further agreed that **Section V. LIMITS OF LIABILITY AND DEDUCTIBLE**, paragraph **E. Deductible** is deleted in its entirety and replaced with the following:

E. Deductible

The deductible amount shown in item 5. In the Declarations is the **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.

The **Insured's** obligation to pay the deductible amount stated in Section 5 in the Declarations will be reduced by 50% but not to exceed a maximum of \$5,000 for each **claim**

- 1) provided all of the following conditions are satisfied and evidence of such is provided to us when notice of claim is received:
 - 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 between the time the **residential 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;
 - d) a state or local board-approved standard sales contract was utilized

- 2) If a **claim** is resolved or concluded with the consent and knowledge of the **Named Insured** and the **Company**, within 1 year following the date that the **claim** is reported in writing to the **Company** the deductible amount stated in item 5. In the Declarations will be reduced by 50%, but not to exceed a maximum of \$5,000 for each **claim**.

If both E. 1 and 2 above apply, only one reduction applies.

All other provisions of this policy remain unchanged.

ENDORSEMENT # 4

This endorsement, effective 12:01 a.m., 06-14-2012 forms a part of Policy No. -PEG9145932-5- issued to AmeriDream Realty, LLC dba AmeriDream Realty by Greenwich Insurance Company.

ADDITIONAL NAMED INSURED ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

In consideration of the premium charged it is agreed that Item 1. in the Declarations is amended to include the following:

AmeriDream Realty, Inc. dba Century 21 AmeriDream Realty

AmeriDream Realty, LLC dba Century 21 AmeriDream Realty

All other provisions of this policy remain unchanged.



Greenwich Insurance Company
Members of the XL America Companies

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS POLICY

NOTICE: THIS IS A CLAIMS MADE POLICY. THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. 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 SHOWN IN THE DECLARATIONS UNLESS AN EXTENDED REPORTING PERIOD APPLIES. PLEASE REVIEW THIS POLICY CAREFULLY.

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 **claims expenses** by reason of an act or omission including **personal injury** in the performance of **real estate services** by the **Insured**, provided that:

1. the **claim** arising out of the act or omission must first be made against the **Insured** during the **policy period** or any applicable **extended reporting period**;
2. 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;
3. such act or omission was committed on or subsequent to the **retroactive date** specified in the Declarations; and
4. prior to the inception date of this policy, no **Insured** had a basis to believe that such act or omission, or any related act or omission, might reasonably be expected to be the basis of a **claim**.

Except as provided in Section V.D., below, **claim expenses** are in addition to the limit of liability.

B. Defense and Settlement

Subject to the terms, conditions and exclusions in this policy, the **Company** has the right and duty to defend any **claim** against the **Insured** even if allegations of the **claim** are groundless, false or fraudulent. Defense counsel will 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. The **Company** is not obligated to pay any **damages** or **claim expenses** or to defend or to continue to defend any **claim** after the applicable limit of liability has been exhausted by payment of **damages**.

The **Company** will not settle any **claim** without the consent of the **Named Insured**. 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 for such **claim** will be the amount of **damages** for which the **claim** could have been settled plus all the **claims expenses** incurred up to the time the **Company** made its recommendation.

If a **claim** is resolved or concluded with the consent and knowledge of the **Named Insured** and the **Company**, within 1 year following the date that the **claim** is reported in writing to the **Company**, the stated amount in Item 5. of the Declarations will be reduced by 50%, but not to exceed a maximum of \$5,000 per **policy period** for all such **claims** resolved or concluded.

C. Territory

This policy applies to an act or omission taking place anywhere in the world.

This policy shall not apply to any risk which would be in violation of the laws of the United States including, but not limited to, U.S. economic or trade sanction laws or export control laws administered by the U.S. Treasury, State, and Commerce Department.

D. Coverage Extensions

1. Fair Housing Discrimination

Fair Housing Discrimination Coverage Extension is subject to the deductible.

Subject to all other terms and conditions of this policy, this policy applies to **damages and claim expenses** by reason of a civil lawsuit arising out of **fair housing discrimination**. However, a separate aggregate "**fair housing discrimination** Limit of Liability" as set forth in Section V.C will apply to all **damages and claim expenses**.

2. Lock-box

Lock-box Coverage Extension is not subject to the deductible.

Subject to all other terms and conditions of this policy, this policy applies to **claims** arising out of use of a **lock-box**.

II. SUPPLEMENTARY PAYMENTS

Supplementary payments are not subject to the deductible and are in addition to the limits of liability.

A. Reimbursement of Expenses

The **Company** will reimburse the **Insured** up to \$750.00 a day, subject to a maximum of \$50,000.00 per **policy period**, for the **Insured's** actual loss of earnings for attendance, at the **Company's** request, at a trial, hearing or arbitration involving a **claim** against the **Insured**. The maximum amount payable per **claim**, regardless of the number of trials, hearings, mediations or arbitrations proceedings or number of **Insureds** shall be \$10,000.00.

B. Disciplinary Proceedings

The **Company** will reimburse the **Insured** up to \$15,000.00 per disciplinary proceeding, subject to a maximum of \$30,000.00 per **policy period**, for reasonable attorneys' fees and other necessary costs, expenses or fees resulting from the investigation or defense of a proceeding before a real estate licensing board as a result of an act or omission in the performance of **real estate services** by the **Insured** during the **policy period**.

C. Public Relations Advisory Services

The **Company** will reimburse the **Insured** up to \$15,000.00 per **public relations event**, subject to a maximum of \$50,000.00 per **policy period**, for reasonable **public relations expenses** incurred by the **Named Insured** for advisory services provided by a public relations firm to the **Named Insured** as a result of a **public relations event** which occurs during the **policy period**.

D. Subpoena Assistance

The **Company** will reimburse the **Insured** expenses incurred in responding to a subpoena that the **Insured** first receives and reports in writing to the **Company** during the **policy period** resulting from the performance of **real estate services** by the **Insured**. The **Company** will reimburse up to \$30,000.00 in expenses per subpoena. All subpoenas arising out of **related claims** shall constitute a single subpoena for the purposes of this section.

E. First Party Cyber Liability Coverage

The **Company** will reimburse the **Named Insured** up to \$25,000.00 per **policy period** for the cost of hiring a third-party consultant or adviser approved by the **Company**, including client notification costs, to mitigate the potential for **claims** arising from any security breach which results in the loss or theft of confidential client information.

Coverage shall be excess of and provide the same terms and conditions as all valid and collectible first-party cyber liability coverage provided to the **Insured** under any specific policy, Business Owners Policy or similar property coverage.

F. Not-for-Profit Directors Coverage

The **Company** will reimburse the **owner/broker** of the **Named Insured** up to \$15,000.00 per **claim** or \$30,000.00 per **policy period** for **damages** or **claims expenses** arising out of the **owner/broker's** activities as a Director or Officer of a **Not-for-Profit Organization**, provided that such activities have been previously disclosed to the **Company** in writing and accepted by the **Company**.

Coverage shall be excess of all valid and collectible Directors' and Officers' Liability Insurance, which has been issued to the **Not-for-Profit Organization**.

III. DEFINITIONS

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 or suffering, or shock sustained by that person whether or not resulting from physical injury, sickness, disease or death of any person.

Claim means a demand for money or services naming the **Insured** by reason of an act or omission in the performance of **real estate services**. A claim also includes the service of suit or the institution of an arbitration proceeding against the **Insured**.

Claim expenses means:

1. fees charged by attorneys designated by the **Company** or designated by the **Insured** with the **Company's** prior written consent; and
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, however, the **Company** is not obligated to apply for or furnish any such bond.

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

Company means the insurance company named in the Declarations.

Construction manager means a person providing the following services in connection with the construction, reconstruction and renovation of real property:

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

Damages mean any compensatory sum which the **Insured** is legally obligated to pay as a result of an act or omission including a judgment, award or settlement. Damages do not include:

1. fines, sanctions or penalties;
2. punitive, exemplary, or treble damages, unless coverage for such **damages** is permissible under the applicable state law;
3. the return, reduction, or restitution of fees, commissions, expenses or costs for **real estate services** performed or to be performed by the **Insured**;
4. injunctive or declaratory relief.

Extended reporting period means the period of time after the end of the **policy period** for reporting **claims** to the **Company** in writing that are made against the **Insured** during the 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.

Fair housing discrimination means 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.

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

Guaranteed sale listing contract means a written agreement between the **Named Insured** and the seller of a property in which the **Named Insured** agrees to purchase the property if it is not sold under the listing agreement within the time period specified in the agreement.

Insured means:

1. the **Named Insured**;
2. any present or former partner, member, officer, director or employee for **real estate services** performed on behalf of the **Named Insured**;

3. any present or former independent contractor and their employees for **real estate services** performed on behalf of the **Named Insured**, but only if, prior to the date a **claim** is made, the **Named Insured** had agreed to provide insurance for the independent contractor's **real estate services**;
4. 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 for liability arising out of **real estate services** performed by or on behalf of the **Named Insured** prior to such Insured's death, incapacity, insolvency or bankruptcy; or
5. any real estate franchise corporation of which the **Named Insured** is a franchisee, but only as respects the real estate franchise corporation's liability for acts or omissions committed by an Insured on behalf of the **Named Insured**.
6. the lawful spouse or qualifying domestic partner of any present or former partner, member, officer, director, employee, or independent contractor, but only for liability arising out of **real estate services** actually or allegedly performed by such present or former partner, member, officer, director, employee, or independent contractor on behalf of the **Named Insured**. The **Company** will have no obligation to pay **damages** or **claim expenses** for any claim arising from any act or service actually or allegedly provided by the spouse or domestic partner of any individual to whom this policy otherwise provides coverage.

Lock-box means a keyless entry system 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**.

Named Insured means the persons or entities specified in Item 1. in the Declarations.

Not-for-Profit Organization means an entity which qualifies as a nonprofit organization under Section 501(c)(3), (c)(4), (c)(6) or (c)(7) of the Internal Revenue Code of 1986, including amendments thereto. As used herein, **Not-for-Profit Organization** shall not include the **Named Insured** or any client of the **Named Insured**.

Owner/Broker means any natural person who has an ownership interest in the **Named Insured**.

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 an **Insured** in the performance of **real estate services**:

1. false arrest, detention, or imprisonment;
2. malicious prosecution;
3. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, where an **Insured** undertakes such action by or on behalf of its owner, landlord or lessor; or
4.
 - a. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - b. oral or written publication, in any manner, of material that violates a person's right of privacy; except oral or written publication in any manner which arises out of advertising, broadcasting or telecasting activities conducted by or behalf of any **Insured**.

Policy period means the period of time from the effective date shown in Item 3. in the Declarations to the earliest date of termination, expiration or cancellation of this policy.

Pollutants mean 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.

Property damage means:

1. physical injury to tangible property, including all resulting loss of use of that property; or
2. loss of use or theft of tangible property that is not physically injured.

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**.

Property syndication means the formation of, or engagement in, a general or limited partnership, joint venture, unincorporated association or similar organization for the purpose of investment or gain from an interest in real property, including but not limited to a sale, exchange, trade or development of such real property, on behalf of others.

Public Relations Event means:

1. departure, incapacitation, illness or death of any partner, member, officer, director, or sole proprietor-owner of the **Named Insured**.
2. dissolution of the **Named Insured**.
3. violent act, kidnapping, sexual assault, criminal firearm use, or workplace accident resulting in negative local or national media coverage of the **Named Insured**.

Public Relations Expenses means reasonable fees and expenses incurred by the **Named Insured** for advisory services provided by a public relations firm to the **Named Insured** for up to 60 days following a **Public Relations Event**.

Real estate investment trusts means any trust, corporation, association or entity designed or used to permit investment in interests in real property, under which such interests are held and managed for the beneficial

owners of the trust or other entity, whether or not it qualifies for treatment as a real estate investment trust pursuant to 26 U.S.C. 856, 857 or 858 or any other provision of the United States Internal Revenue Code.

Real estate services means those professional services performed for others in the **Insured's** capacity as a real estate agent, real estate broker, leasing agent, **property manager**, real estate auctioneer, real estate appraiser, real estate consultant or counselor, **short term escrow agent**, **referral agent**, notary public, or member of a real estate accreditation, standards review or similar real estate board or committee. Real estate services shall also include real estate services performed for others by an **Insured** on or via the **Insured's** internet, e-mail, telecommunication or similar system.

Referral agent means a real estate agent whose services are limited to referring clients to an **Insured** for the purposes of commencing a real estate transaction, and do not include active solicitation or engagement in the sale of property.

Related claims mean all **claims** arising out of a single act or omission or arising out of related acts or omissions in the performance of **real estate services**.

Residential Property means a one to four family dwelling in which the **Insured** or others reside.

Retroactive date means the date, shown in Item 7. in the Declarations, on or after which an act or omission must have been committed for coverage under this policy to apply.

Short term escrow agent means an **Insured** performing the following services:

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 the **Insured's** funds and where such funds are to be fully distributed within 12 months from the date received.

IV. EXCLUSIONS

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

- A. based on or arising out of **bodily injury**;
- B. based on or arising out of **property damage** except that this exclusion will not apply to **claims** arising out of **lock-box**;
- C. based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by the **Insured**; The **Company** will provide the **Insured** with a defense of such **claim** and pay **claim expenses** for any such suit which is brought alleging such dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission as a single allegation in a multiple allegation suit, provided any one allegation is covered under this policy. Criminal proceedings are not covered under this policy regardless of the allegations made against the **Insured**;
- D. based on or arising out of:
 - 1. the conversion, commingling, defalcation, misappropriation or improper use of funds or other property;
 - 2. the gaining of any personal profit or advantage to which the **Insured** is not legally entitled; or

3. 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**.

E. based on or arising out of:

1. any promises, warranties, or guarantees made by an Insured as to the future value or future income of any property; or
2. the valuation or performance of a business in conjunction with any property that is sold.

F. based on or arising out of:

1. nuclear reaction, contamination or radiation, including but not limited to radon, regardless of cause;
2. the actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **pollutants** whether suddenly or over a period of time; or 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**;
3. lead, whether or not the lead was at any time: airborne as a particle; contained in or formed a part of a product, structure or other real or personal property; ingested or inhaled or transmitted in any fashion; or found in any form whatsoever; or
4. asbestos, whether or not the asbestos was at any time: airborne as a fiber, particle or dust; contained in or formed a part of a product, structure or other real or personal property; carried on clothing; ingested or inhaled or transmitted in any fashion; or found in any form whatsoever;

unless and only to the extent that, the **claim** results from the **Insured's** failure to disclose the existence of **pollutants**, asbestos, lead, or radon.

- G. 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 **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, **fungi** or bacteria, by an insured or by any other person or entity.

- H. based on or arising out of discrimination, humiliation, harassment, or misconduct. This exclusion will not apply to **fair housing discrimination**;

- I. by or on behalf of any **Insured** against any other **Insured**;

- J. based on or arising out of **property syndication** or **real estate investment trusts**;

- K. based on or arising out of the purchase of property by, or the sale, leasing, appraisal, or property management of property developed, constructed or owned by:

1. any **Insured**;
2. any entity in which any **Insured** had a financial interest or a contemplated financial interest;

3. any entity which had a financial interest or a contemplated financial interest in the **Named Insured**; or
4. any entity which was under the same financial control as the **Named Insured**.

This exclusion will not apply to any claim based on or arising out of:

- i. the 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 20% at the time of sale or lease;
 - ii. the sale of **residential property** by an **Insured** who is the owner of such **residential property** and all of the following conditions are met in connection with such sale:
 - a. a seller disclosure form was signed by the **Insured** and acknowledged in writing by the buyer prior to closing;
 - b. an accredited written home inspection report was issued or waived in writing by the buyer; and
 - c. a state or local board-approved standard sales contract was utilized;
 - iii. the sale, listing or management of the **Named Insured's residential property** by another **Insured** who is not the owner of such **residential property**;
 - iv. the 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
 - v. the management of 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%.
- L. based on, arising out of, or related to actual or alleged misappropriation of ideas, information or materials; improper gaining or misuse of copyrights or trademarks; improper gaining or misuse of confidential or proprietary information, materials or trade secrets; interference with actual or prospective business relationships, contracts or contractual relationships or unfair competition.
- M. based on or arising out of any anti-trust law violation or any agreement or conspiracy to restrain trade;
- N. based on or arising out of:
1. any advice or recommendations, including the failure to provide advice or recommendations, concerning the purchase of, or need for, any type of insurance, or
 2. The failure to purchase or maintain any type of insurance.
- O. based on or arising out of liability of others assumed by the **Insured** under any contract or agreement unless, and only to the extent that, such liability would have attached to the **Insured** even in the absence of such contract or agreement.
- P. 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; or

4. any state Blue Sky or Securities law;

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.

Q. based on or arising out of any activity relating to:

1. Right-of-Way Appraisal; or

2. Proposed Construction/Land Development appraisal or Vacant Land appraisal, unless the Proposed Construction/Land Development appraisal or Vacant Land appraisal is solely intended for private **residential property** use.

V. 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** will not exceed the amount stated in Item 4.A. in the Declarations for "Each **claim**."

B. Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **damages** for all **claims** will not exceed the aggregate amount stated in Item 4.A. in the Declarations as the "Policy Aggregate."

C. Fair Housing Discrimination Limit of Liability

The "**fair housing discrimination** limit of liability" is an aggregate limit of liability that is included within, and is not in addition to, the "Policy Aggregate" limit of liability. The **fair housing discrimination** limit of liability" will not exceed the aggregate amount stated in Item 4.B. in the Declarations. **Claim expenses** are within and will reduce the "**fair housing discrimination** limit of liability."

D. Deductible

The deductible amount shown in item 5. In the Declarations is the **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.

E. Multiple Insureds, Claims and Claimants

The limits of liability shown in the Declarations is the maximum amount the **Company** will pay under this policy for **damages** regardless of the number of **Insureds**, **claims** made or claimants. **Related claims** made against the **Insured** and reported in writing to the **Company** under this policy or under any renewal of this policy will be considered a single **claim** first made and reported to the **Company** during the **policy period** in which the earliest of the **related claims** was first made and reported in writing to the **Company**.

VI. CONDITIONS

A. Named Insured Sole Agent

JPP PF (04/11)

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**.

B. Insured's Duties In the Event of a Claim or Potential Claim

1. In the event of a **claim**, the **Insured** must notify the **Company** in writing as soon as possible during the **policy period**, or any applicable **extended reporting period**, or within 60 days after the end of the **policy period**. Notice should be sent to the **Company** or to its authorized representative at the address stated in Item 8. in the Declarations.
2. If, during the **policy period**, the **Insured** becomes aware of any act or omission that may reasonably be expected to be the basis of a **claim** and if the **Insured**, during the **policy period**, provides the **Company** with written notice containing:
 - 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 **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**. Notice should be sent to the **Company** or to its authorized representative at the address stated in Item 8. in the Declarations. The **Company** will provide pre-claims assistance with a potential **claim** if the **Insured** complies with the notification provision stated herein.

C. 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 any **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 written consent of the **Company**.

D. Innocent Insureds

If coverage of this policy would not apply because of Exclusion C. or because of noncompliance with Condition B., 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 Exclusion C. and whose conduct did not violate Condition B.

E. Action Against the Company

1. No action may be brought against the **Company** concerning this policy unless, as a condition precedent to such action, the **Insured** has fully complied with all the terms of this policy, and the amount of the **Insured's** obligation to pay has been decided.
2. Such amount can be decided either by final judgment against the **Insured** after actual trial, or by written agreement among the **Insured**, the **Company**, and the claimant. Such action must be brought against the **Company** in 2 years, or during any applicable statute of limitations for bringing of such action, whichever is longer.
3. No person or entity has any right under this policy to include the **Company** in any action against the **Insured** to determine the **Insured's** liability, nor will the **Company** be brought into such action by the **Insured** or the **Insured's** representative.

F. Changes

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

G. Assignment

The interest of the **Insured** under this policy may not be assigned without the **Company's** express written consent.

H. Bankruptcy or Insolvency

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

I. 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.

J. Entire Contract and Application

By acceptance of this policy, the **Insured** warrants that the statements in the application are representations of the **Insured** and are deemed material to the underwriting and acceptance of coverage by the **Company**. This policy is issued in reliance on the accuracy of such representations. Any material misrepresentation or concealment by the **Insured** or the **Insured's** agent will render this policy null and void and will relieve the **Company** from all liability herein.

K. Other Insurance

This policy is excess over any other valid and collectible insurance, self-insurance or indemnification agreement available to the **Insured**, whether such other insurance, self-insurance or indemnification agreement is stated to be primary, contributory, excess, contingent or otherwise.

L. Examination of 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 3 years afterward.

M. Cancellation

This policy may be cancelled by the **Named Insured** by giving the **Company** prior written notice stating when such cancellation will be effective. If the **Named Insured** cancels, earned premium will be calculated on a short rate basis.

This policy may be cancelled by the **Company** 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 is to be effective except for nonpayment of premium in which case the **Company** will provide 10 days notice prior to cancellation. The premium will be computed on a pro rata basis.

Notice of cancellation will state the effective date and reason for cancellation. The **policy period** will end on that date. If notice is mailed, proof of mailing will be sufficient notice.

N. Subrogation

In the event of any payment under this policy, the **Company** will be subrogated in the amount of such payment to all of 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.

O. Liberalization

If during the **policy period**, the **Company** makes any modifications in the form of this policy that are intended to pertain to all **Insureds** that have such forms as part of their policy, and by which the insurance afforded could be expanded by endorsement or replacement of form without increase premium charge, then such expanded insurance applies to the **Insured** as of the date the revision is permitted for use by the relevant department of insurance.

VII. EXTENDED REPORTING PERIOD

A. Optional Extended Reporting Period

1. If this policy is terminated for any reason other than fraud, material misrepresentation or nonpayment of premium, the **Named Insured** may purchase an **extended reporting period**.
2. To exercise this right, the **Named Insured** must provide written notice to the **Company** within 60 days of the termination requesting the purchase of an **extended reporting period** and pay the premium due to the **Company**. The premium for the **extended reporting period** will be developed in accordance with the rules, rates, and rating plans then in effect for the **Company**.

3. The **extended reporting period** will be for a period of 1, 2, or 3 years or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.
4. The limit of liability applicable to the **extended reporting period** will be the limit of liability remaining under the terminated policy or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.
5. The **extended reporting period** will not apply to any pending claim or proceedings; any paid claim; any **real estate services** performed after the effective date of the **extended reporting period**; or claims that are covered under any other insurance available to the **Insured**, or that would be covered but for the exhaustion of the limits.

B. Retirement Extended Reporting Period

1. If, during the **policy period**, the **owner/broker** of the **Named Insured** stated in Item 1. of the Declarations permanently retires from the practice of **real estate services** for reasons not related to suspension or revocation of the **owner/broker's** professional license, or Death or Disability as described in Section C. below, and the **Named Insured** ceases operations the **Company** will provide a retirement **extended reporting period** as set forth below.
2. The retirement **extended reporting period** will start with the date of the **owner/broker's** retirement and ends when one of the following occurs:
 - a. The **owner/broker** resumes the practice of **real estate services**; the **owner/broker** may be eligible to purchase, at the **Company's** option, a policy from the **Company** to reinstate full prior acts coverage;
 - b. Any insurance is issued which replaces, in whole or in part, the coverage afforded by the retirement **extended reporting period**;
 - c. The limits of liability have been exhausted; or
 - d. Three (3) years have elapsed from the date of the **owner/broker's** retirement.
3. The additional premium for this option shall be waived if the **owner/broker** has been continuously insured by the **Company** under a real estate errors and omissions professional liability insurance policy for at least four (4) consecutive years
4. The **Company** will issue a retirement **extended reporting period** endorsement only if:
 - a. The **owner/broker** requests the endorsement no more than sixty (60) days after the date of the **owner/broker's** retirement, or sixty (60) days after the end of the **policy period**, whichever is earlier. Such request must include written notification of retirement;
 - b. The **owner/broker** has paid all premiums and deductibles due for this policy at the time the **owner/broker** requests a retirement **extended reporting period** endorsement; and
 - c. The **owner/broker** pays when due the additional premium for the endorsement.

5. The limit of liability applicable to the **extended reporting period** will be the limit of liability remaining under the terminated policy or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.
6. The **extended reporting period** will not apply to any pending **claim** or proceedings; any paid **claim**; any **real estate services** performed after the effective date of the **extended reporting period**; or **claims** that are covered under any other insurance available to the **Insured**, or that would be covered but for the exhaustion of the limits.

C. Death or Disability Extended Reporting Period

1. If, during the **policy period**, the **owner/broker** of the **Named Insured** stated in Item 1. of the

Declarations dies or become totally and permanently disabled and the **Named Insured** ceases operations, the **Company** will offer a Death or Disability **extended reporting period** at no charge. Totally and permanently disabled means that the **owner/broker** is completely incapable of rendering **real estate services**, and such disability:

- a. Has existed for not less than ninety (90) consecutive days; and
 - b. Is expected to be continuous, total, and permanent.
2. The death or disability **extended reporting period** will start on the date the **owner/broker** dies or becomes totally and permanently disabled, and will end when one of the following occurs:
 - a. The executor or administrator of the **owner/broker's** estate has been discharged;
 - b. The total and permanent disability ends, whether or not the **owner/broker** resumes practice;
 - c. Any insurance is issued which replaces, in whole or in part, the coverage afforded by the death or disability **extended reporting period** endorsement;
 - d. The limits of liability have been exhausted; or
 - e. Three (3) years have elapsed from the date of the **owner/broker's** death or total and permanent disability.
 3. The **Company** will issue a death or disability **extended reporting period** endorsement only if the **owner/broker** or the **owner/broker's** representative request it no more than ninety (90) days after the date of the **owner/broker's** death or total permanent disability, or ninety (90) days after the end of the **policy period**, whichever is later. Such request must include:
 - a. A copy of the certified death certificate; or
 - b. Written proof, certified by the **owner/broker's** attending physician, of total permanent disability including the date it occurred.
 4. The limit of liability applicable to the **extended reporting period** will be the limit of liability remaining under the terminated policy or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.

5. The **extended reporting period** will not apply to any pending **claim** or proceedings; any paid **claim**; any **real estate services** performed after the effective date of the **extended reporting period**; or **claims** that are covered under any other insurance available to the **Insured**, or that would be covered but for the exhaustion of the limits.

Your Specialists for **Professional Business Insurance!**

Pearl Solutions = Total Solutions

You may know Pearl Insurance as **Your Specialists for Professional Liability Insurance** but did you also know that Pearl Insurance can be your **Total Solutions Provider**? With a vast array of products and carriers to fit your needs, Pearl Insurance is here to find the right coverage for you and your business. Just ask any one of our Insurance Specialists about your product or coverage needs and they will go to work for you to find the right solution.

Commercial Lines

Bonds
Builders' Risk
Business Owners
Commercial Auto
Commercial Package
Contingent Liability
Crime
Difference in Conditions
Directors & Officers
Employer Practices Liability
Errors & Omissions
Excess Liability

Fiduciary Liability

Flood
General Liability
Hole in One
Liquor Liability
Marine
Notary Public
Package
Pollution Liability
Property
Special Events
Umbrella
Worker's Compensation

Personal Lines

Dwelling Fire
Fine Arts
Home Owners
Jewelry
Mobile Home
Personal Auto Policy
Personal Umbrella
Renters
Seasonal Home
Sports-Utilities
Watercraft



Call **1.800.447.4982** for more information!
www.pearlinsurance.com

Exhibit B



Greenwich Insurance Company
Members of the XL America Companies

The company providing the insurance afforded by this coverage is indicated above.

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS DECLARATIONS

THIS IS A CLAIMS MADE INSURANCE POLICY. PLEASE READ IT CAREFULLY.

PRODUCER: Pearl Insurance Group
PRODUCER #: 08938

POLICY NUMBER: PEG9145932-6

THIS IS A CLAIMS MADE POLICY. THE POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. 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. CLAIM EXPENSES ARE IN ADDITION TO THE LIMIT OF LIABILITY. PLEASE REVIEW THIS POLICY CAREFULLY.

Item 1. **NAMED INSURED:**
Ameri-Dream Realty, LLC

Item 2. **ADDRESS:**
4875 W Nevso Dr
Las Vegas, NV 89103-3787

Item 3. **POLICY PERIOD:** FROM 06/14/2013 TO 06/14/2014
12:01 A.M. Standard Time at the address of the Named Insured as stated herein.

Item 4. **LIMITS OF LIABILITY**
A. Limits of Liability \$ 1,000,000 Each Claim \$ 1,000,000 Policy Aggregate
B. Fair Housing Discrimination Limit of Liability \$ 250,000 Aggregate

Item 5. **DEDUCTIBLE** \$ 5,000 Each Claim

Item 6. **PREMIUM:** \$ 6,243 *

Item 7. **RETROACTIVE DATE** 6/14/2007

Item 8. **NOTICES TO BE SENT TO:**
Report A Claim
XL Select Professional Claims
100 Constitution Plaza
17th Floor
Hartford, CT 06103
Material Changes
Pearl Insurance Group, LLC
1200 East Glen Avenue
Peoria Heights, IL 61616
1/800-447-4982

Item 9. **FORMS AND ENDORSEMENTS ATTACHED AT POLICY EFFECTIVE DATE:**
JPP-PF (04/11) Real Estate Errors & Omissions Policy Form
JPP-NV1 (06/05) Nevada Changes
JPP-134 (03/08) Open House Endorsement
JPP 101 (06/05) Additional Named Insured Endorsement
JPP 116 (03/07) Deductible Reduction Endorsement

DATE: 06/04/2013

Authorized Representative

Gary P. Pearl

President and CEO

IN WITNESS

GREENWICH INSURANCE COMPANY

REGULATORY OFFICE
505 EAGLEVIEW BOULEVARD, SUITE 100
DEPARTMENT: REGULATORY
EXTON, PA 19341-0636
PHONE: 800-688-1840

It is hereby agreed and understood that the following In Witness Clause supercedes any and all other In Witness clauses in this policy.

All other provisions remain unchanged.

IN WITNESS WHEREOF, the Company has caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by a duly authorized representative of the Company.



Seraina Maag
President



Toni Ann Perkins
Secretary

ENDORSEMENT # 1

This endorsement, effective 12:01 a.m., 06/14/2013 forms a part of Policy No. -PEG9145932-6- issued to Ameri-Dream Realty, LLC by Greenwich Insurance Company.

NEVADA CHANGES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

It is agreed that Section VI., CONDITIONS, paragraph M. of the policy, is deleted and replaced by the following:

M. Cancellation and Nonrenewal

1. This policy may be cancelled by the **Named Insured** by giving the **Company** written notice stating when, thereafter, such cancellation will be effective. If the **Named Insured** cancels, the earned premium will be calculated on a short rate basis.
2. This policy may also be cancelled by the **Company** by sending written notice to the **Named Insured** at the last address known to the **Company**. The **Company** will provide written notice at least 30 days before cancellation is to be effective, except for nonpayment of premium in which case the **Company** will provide 10 days written notice prior to cancellation. The earned premium will be calculated on a pro rata basis.
3. After this policy has been in effect for more than 60 days, or if this policy is a renewal, the **Company** may not cancel this policy unless cancellation is based on one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. Conviction of the **Named Insured** of a crime arising out of acts increasing the hazard insured against;
 - c. Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a **Claim** thereunder;
 - d. Discovery of an act or omission, or of a violation of any condition of the policy, which occurred after the first effective date of the current policy and which substantially and materially increases the hazard insured against;
 - e. A material change in the nature or extent of the risk occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
 - f. A determination by the Nevada Commissioner of Insurance that continuation of the **Company's** present volume of premiums would jeopardize the **Company's** solvency or be hazardous to the interests of policyholders of the **Company**, its creditors or the public; or
 - g. A determination by the Commissioner that the continuation of the policy would violate, or place the **Company** in violation of, any provision of the Nevada Insurance Code.

4. The notice of cancellation will state the effective date and include a written explanation of the reason(s) for the cancellation.
5. The **Company** may choose not to renew this policy by delivering or mailing, by first class or certified mail, written notice to the **Named Insured** at the address last known by the **Company**. The notice of nonrenewal will state the effective and include a written explanation of the reason(s) for the nonrenewal. The **Company** will provide written notice of nonrenewal at least 60 days prior to the expiration of the **policy period**.
6. In the event notice of nonrenewal is not provided to the **Named Insured** at least 60 days prior to the expiration of the **policy period**, the **Named Insured** will be entitled to renewal of the policy under the same terms as in the expiring policy. This paragraph will not apply if the **Named Insured** has accepted replacement coverage or has requested or agreed to the nonrenewal.
7. If the **Company** conditions renewal of the policy on different terms or different rates, the **Company** will deliver or mail written notice of the different terms or rates to the **Named Insured** at least 30 days before those terms or rates become effective. The **Named Insured** may, within 30 days after receipt of such notice of the changes in the policy, cancel the policy. If the **Named Insured** elects to cancel the policy, the premium for the expired portion of the renewal policy will be calculated pro rata.
8. If a notice of cancellation or nonrenewal does not state the facts on which the **Company's** decision is based, the **Company** will supply such information within six (6) days after receipt of a written request by the **Named Insured**.
9. For the purpose of this policy, notice of cancellation, nonrenewal or renewal with different terms or rates given to the **Named Insured** pursuant to this paragraph M. will be deemed to be notice to all **Insureds** hereunder.

All other provisions of this policy remain unchanged.

ENDORSEMENT # 2

This endorsement, effective 12:01 a.m., 2013-06-14 forms a part of Policy No. -PEG9145932-6- issued to Ameri-Dream Realty, LLC by Greenwich Insurance Company.

OPEN HOUSE – PROPERTY DAMAGE COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

In consideration of the premium charged, it is agreed the policy is amended as follows:

1. Section III, **DEFINITIONS**, is amended to include the following:

Open House means an advertised designated time period (up to 3 hours) where multiple potential buyers have the opportunity to view the specified property that is listed for sale by the **Insured** while in the care, custody or control of the **Insured**.

2. Section IV, **EXCLUSIONS**, paragraph **B** is deleted in its entirety and replaced with the following:

B. based on or arising out of **property damage** except that this exclusion will not apply to **claims** arising out of **lock-box or open house**;

3. Item 4. In the Declarations, Limits of Liability is amended to add the following:

Open House Limit of Liability \$ 1,000,000

4. Section V., **LIMITS OF LIABILITY AND DEDUCTIBLE**, is amended to include the following:

Open House Limit of Liability:

The "**Open House** Limit of Liability" as set forth above is a sub-limit included within, and not in addition to, the "each claim" and "Policy Aggregate" limits of liability and will not be considered as separate to such limits of liability.

All other provisions of this policy remain unchanged.

REALTORS® ERRORS & OMISSIONS CLAIM REPORT

Notice of each and every incident, claim, or suit is to be sent immediately to XL Insurance Company at the address shown below. Tips and procedures on reporting claims can be found on the enclosed form. Any claims questions can be answered by contacting the Claim Helpline 1-877-791-3777.

Firm Name: Ameri-Dream Realty, LLC

Contact Name: Elsie Peladas Brown

Address: 4875 W Nevso Dr

City: Las Vegas

State: NV

Zip: 89103-3787

Phone: ☐

Fax: ☐

E-mail: ☐

Policy #: – PEG9145932-6

Policy Period: 06/14/2013 – 06/14/2014

Name of Claimant:

Date of Occurrence:

Address of Property Involved:

Name of Agent Involved:

Type of Agent:

Listing

Selling

Buyers

Dual

Has the suit been received:

Yes

No

Date of Service:

Specific Nature of Incident:

Note: Include type of demand (verbal or written) for damages that may result and a copy of all written demands/legal documents if a lawsuit has been initiated/served.

Requested by:

Signature:

Date:

Mailing Address:

Rosanna Marra
Senior Claims Technician
XL Select Professional-Claims
100 Constitution Plaza, 17th Floor
Hartford, CT 06103
877-791-3777 [Phone]
860-548-9668 [Fax]

Email: rosanna.marra@xigroup.com or vincent.catania@xigroup.com

REALTORS® CLAIM REPORT TIPS & PROCEDURES

- Your policy requires that immediate written notice be given to the insurance company as soon as possible after receiving notification of a claim or potential incident.
- Please complete the enclosed Claim Report and forward with all demands, suits or other papers immediately to the address on the Claim Report. If reporting an "incident" the following information should be available but there is no need to include it with your initial report or letter.
- Create a claims/incident file consisting of the following for use by the claim department and its representatives:
 - Listing Agreement
 - Sales Contract
 - Closing Documents
 - Any correspondence, notes and phone messages related to the incident.
 - Copies of any written/oral side agreements with the claimant or codefendant.
- All parties involved with the claim/incident should prepare a chronological history of their participation and their understanding of the activities surrounding the claim/incident.
- Do not discuss the matter with anyone other than representatives of your insurer.
- Do not produce any of your records relative to this incident for inspection without clearance and/or approval from the insurer.
- The insurance company will retain appropriate counsel and will communicate with the named insured for all information regarding the claim/incident.

If you currently have the Deductible Reduction Endorsement JPP116 on your policy declarations page, please send the following documents in order for the endorsement to apply:

- A copy of the seller disclosure form that was signed by the seller and acknowledged in writing by the buyer prior to closing.
- Proof that a home warranty policy was purchased between the time the residential property was listed and up to and including 30 days after closing.
- A copy of the accredited written property inspection report that was performed on the property or a waiver of inspection in writing from the buyer.
- A copy of the sales contract that was utilized.



Greenwich Insurance Company
Indian Harbor Insurance Company



ENDORSEMENT # 3

This endorsement, effective 12:01 a.m., 06-14-2013 forms a part of Policy No. -PEG9145932-6- issued to Ameri-Dream Realty, LLC by Greenwich Insurance Company..

DEDUCTIBLE REDUCTION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the premium charged, it is hereby agreed **Section I. INSURING AGREEMENTS**, paragraph **B. Defense and Settlement** is deleted in its entirety and replaced with the following:

B. Defense and Settlement

The **Company** has the right and duty to defend any **claim** against the **Insured** even if allegations of the **claim** are groundless, false or fraudulent. Defense counsel will 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. The **Company** is not obligated to pay any **damages** or **claim expenses** or to defend or to continue to defend any **claim** after the applicable limit of liability has been exhausted by payment of **damages**.

The **Company** will not settle any **claim** without the consent of the **Named Insured**. 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 for such **claim** will be the amount of **damages** for which the **claim** could have been settled plus all the **claims expenses** incurred up to the time the **Company** made its recommendation.

It is further agreed that **Section V. LIMITS OF LIABILITY AND DEDUCTIBLE**, paragraph **E. Deductible** is deleted in its entirety and replaced with the following:

E. Deductible

The deductible amount shown in item 5. in the Declarations is the **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.

The **Insured's** obligation to pay the deductible amount stated in Section 5 in the Declarations will be reduced by 50% but not to exceed a maximum of \$5,000 for each **claim**

- 1) provided all of the following conditions are satisfied and evidence of such is provided to us when notice of claim is received:
 - 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 between the time the **residential 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;
 - d) a state or local board-approved standard sales contract was utilized

- 2) If a **claim** is resolved or concluded with the consent and knowledge of the **Named Insured** and the **Company**, within 1 year following the date that the **claim** is reported in writing to the **Company** the deductible amount stated in item 5. In the Declarations will be reduced by 50%, but not to exceed a maximum of \$5,000 for each **claim**.

If both E. 1 and 2 above apply, only one reduction applies.

All other provisions of this policy remain unchanged.

ENDORSEMENT # 4

This endorsement, effective 12:01 a.m., 06-14-2013 forms a part of Policy No. -PEG9145932-6- issued to Ameri-Dream Realty, LLC by Greenwich Insurance Company.

ADDITIONAL NAMED INSURED ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

REAL ESTATE PROFESSIONALS ERRORS AND OMISSIONS POLICY

In consideration of the premium charged it is agreed that Item 1. in the Declarations is amended to include the following:

AmeriDream Realty, LLC dba AmeriDream Realty

AmeriDream Realty, Inc. dba Century 21 AmeriDream Realty

AmeriDream Realty, LLC dba Century 21 AmeriDream Realty

All other provisions of this policy remain unchanged.



Greenwich Insurance Company
Members of the XL America Companies

REAL ESTATE PROFESSIONAL ERRORS AND OMISSIONS POLICY

NOTICE: THIS IS A CLAIMS MADE POLICY. THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. 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 SHOWN IN THE DECLARATIONS UNLESS AN EXTENDED REPORTING PERIOD APPLIES. PLEASE REVIEW THIS POLICY CAREFULLY.

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 **claims expenses** by reason of an act or omission including **personal injury** in the performance of **real estate services** by the **Insured**, provided that:

1. the claim arising out of the act or omission must first be made against the **Insured** during the **policy period** or any applicable **extended reporting period**;
2. 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;
3. such act or omission was committed on or subsequent to the **retroactive date** specified in the Declarations; and
4. prior to the inception date of this policy, no **Insured** had a basis to believe that such act or omission, or any related act or omission, might reasonably be expected to be the basis of a **claim**.

Except as provided in Section V.D., below, **claim expenses** are in addition to the limit of liability.

B. Defense and Settlement

Subject to the terms, conditions and exclusions in this policy, the **Company** has the right and duty to defend any **claim** against the **Insured** even if allegations of the **claim** are groundless, false or fraudulent. Defense counsel will 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. The **Company** is not obligated to pay any **damages** or **claim expenses** or to defend or to continue to defend any **claim** after the applicable limit of liability has been exhausted by payment of **damages**.

The **Company** will not settle any **claim** without the consent of the **Named Insured**. 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 for such **claim** will be the amount of **damages** for which the **claim** could have been settled plus all the **claims expenses** incurred up to the time the **Company** made its recommendation.

If a **claim** is resolved or concluded with the consent and knowledge of the **Named Insured** and the **Company**, within 1 year following the date that the **claim** is reported in writing to the **Company**, the stated amount in Item 5. of the Declarations will be reduced by 50%, but not to exceed a maximum of \$5,000 per **policy period** for all such **claims** resolved or concluded.

C. Territory

This policy applies to an act or omission taking place anywhere in the world.

This policy shall not apply to any risk which would be in violation of the laws of the United States including, but not limited to, U.S. economic or trade sanction laws or export control laws administered by the U.S. Treasury, State, and Commerce Department.

D. Coverage Extensions

1. Fair Housing Discrimination

Fair Housing Discrimination Coverage Extension is subject to the deductible.

Subject to all other terms and conditions of this policy, this policy applies to **damages and claim expenses** by reason of a civil lawsuit arising out of **fair housing discrimination**. However, a separate aggregate "**fair housing discrimination** Limit of Liability" as set forth in Section V.C will apply to all **damages and claim expenses**.

2. Lock-box

Lock-box Coverage Extension is not subject to the deductible.

Subject to all other terms and conditions of this policy, this policy applies to **claims** arising out of use of a **lock-box**.

II. SUPPLEMENTARY PAYMENTS

Supplementary payments are not subject to the deductible and are in addition to the limits of liability.

A. Reimbursement of Expenses

The **Company** will reimburse the **Insured** up to \$750.00 a day, subject to a maximum of \$50,000.00 per **policy period**, for the **Insured's** actual loss of earnings for attendance, at the **Company's** request, at a trial, hearing or arbitration involving a **claim** against the **Insured**. The maximum amount payable per **claim**, regardless of the number of trials, hearings, mediations or arbitrations proceedings or number of **Insureds** shall be \$10,000.00.

B. Disciplinary Proceedings

The **Company** will reimburse the **Insured** up to \$15,000.00 per disciplinary proceeding, subject to a maximum of \$30,000.00 per **policy period**, for reasonable attorneys' fees and other necessary costs, expenses or fees resulting from the investigation or defense of a proceeding before a real estate licensing board as a result of an act or omission in the performance of **real estate services** by the **Insured** during the **policy period**.

C. Public Relations Advisory Services

The **Company** will reimburse the **Insured** up to \$15,000.00 per **public relations event**, subject to a maximum of \$50,000.00 per **policy period**, for reasonable **public relations expenses** incurred by the **Named Insured** for advisory services provided by a public relations firm to the **Named Insured** as a result of a **public relations event** which occurs during the **policy period**.

D. Subpoena Assistance

The **Company** will reimburse the **Insured** expenses incurred in responding to a subpoena that the **Insured** first receives and reports in writing to the **Company** during the **policy period** resulting from the performance of **real estate services** by the **Insured**. The **Company** will reimburse up to \$30,000.00 in expenses per subpoena. All subpoenas arising out of **related claims** shall constitute a single subpoena for the purposes of this section.

E. First Party Cyber Liability Coverage

The **Company** will reimburse the **Named Insured** up to \$25,000.00 per **policy period** for the cost of hiring a third-party consultant or adviser approved by the **Company**, including client notification costs, to mitigate the potential for **claims** arising from any security breach which results in the loss or theft of confidential client information.

Coverage shall be excess of and provide the same terms and conditions as all valid and collectible first-party cyber liability coverage provided to the **Insured** under any specific policy, Business Owners Policy or similar property coverage.

F. Not-for-Profit Directors Coverage

The **Company** will reimburse the **owner/broker** of the **Named Insured** up to \$15,000.00 per **claim** or \$30,000.00 per **policy period** for **damages** or **claims expenses** arising out of the **owner/broker's** activities as a Director or Officer of a **Not-for-Profit Organization**, provided that such activities have been previously disclosed to the **Company** in writing and accepted by the **Company**.

Coverage shall be excess of all valid and collectible Directors' and Officers' Liability Insurance, which has been issued to the **Not-for-Profit Organization**.

III. DEFINITIONS

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 or suffering, or shock sustained by that person whether or not resulting from physical injury, sickness, disease or death of any person.

Claim means a demand for money or services naming the **Insured** by reason of an act or omission in the performance of **real estate services**. A claim also includes the service of suit or the institution of an arbitration proceeding against the **Insured**.

Claim expenses means:

1. fees charged by attorneys designated by the **Company** or designated by the **Insured** with the **Company's** prior written consent; and
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, however, the **Company** is not obligated to apply for or furnish any such bond.

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

Company means the insurance company named in the Declarations.

Construction manager means a person providing the following services in connection with the construction, reconstruction and renovation of real property:

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

Damages mean any compensatory sum which the **Insured** is legally obligated to pay as a result of an act or omission including a judgment, award or settlement. Damages do not include:

1. fines, sanctions or penalties;
2. punitive, exemplary, or treble damages, unless coverage for such damages is permissible under the applicable state law;
3. the return, reduction, or restitution of fees, commissions, expenses or costs for **real estate services** performed or to be performed by the **Insured**;
4. injunctive or declaratory relief.

Extended reporting period means the period of time after the end of the **policy period** for reporting claims to the **Company** in writing that are made against the **Insured** during the 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.

Fair housing discrimination means 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.

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

Guaranteed sale listing contract means a written agreement between the **Named Insured** and the seller of a property in which the **Named Insured** agrees to purchase the property if it is not sold under the listing agreement within the time period specified in the agreement.

Insured means:

1. the **Named Insured**;
2. any present or former partner, member, officer, director or employee for **real estate services** performed on behalf of the **Named Insured**;

3. any present or former independent contractor and their employees for **real estate services** performed on behalf of the **Named Insured**, but only if, prior to the date a claim is made, the **Named Insured** had agreed to provide insurance for the independent contractor's **real estate services**;
4. 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 for liability arising out of **real estate services** performed by or on behalf of the **Named Insured** prior to such Insured's death, incapacity, insolvency or bankruptcy; or
5. any real estate franchise corporation of which the **Named Insured** is a franchisee, but only as respects the real estate franchise corporation's liability for acts or omissions committed by an Insured on behalf of the **Named Insured**.
6. the lawful spouse or qualifying domestic partner of any present or former partner, member, officer, director, employee, or independent contractor, but only for liability arising out of **real estate services** actually or allegedly performed by such present or former partner, member, officer, director, employee, or independent contractor on behalf of the **Named Insured**. The **Company** will have no obligation to pay **damages** or **claim expenses** for any claim arising from any act or service actually or allegedly provided by the spouse or domestic partner of any individual to whom this policy otherwise provides coverage.

Lock-box means a keyless entry system 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**.

Named Insured means the persons or entities specified in Item 1. in the Declarations.

Not-for-Profit Organization means an entity which qualifies as a nonprofit organization under Section 501(c)(3), (c)(4), (c)(6) or (c)(7) of the Internal Revenue Code of 1986, including amendments thereto. As used herein, **Not-for-Profit Organization** shall not include the **Named Insured** or any client of the **Named Insured**.

Owner/Broker means any natural person who has an ownership interest in the **Named Insured**.

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 an **Insured** in the performance of **real estate services**:

1. false arrest, detention, or imprisonment;
2. malicious prosecution;
3. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, where an **Insured** undertakes such action by or on behalf of its owner, landlord or lessor; or
4.
 - a. oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - b. oral or written publication, in any manner, of material that violates a person's right of privacy; except oral or written publication in any manner which arises out of advertising, broadcasting or telecasting activities conducted by or behalf of any **Insured**.

Policy period means the period of time from the effective date shown in Item 3. in the Declarations to the earliest date of termination, expiration or cancellation of this policy.

Pollutants mean 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.

Property damage means:

1. physical injury to tangible property, including all resulting loss of use of that property; or
2. loss of use or theft of tangible property that is not physically injured.

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**.

Property syndication means the formation of, or engagement in, a general or limited partnership, joint venture, unincorporated association or similar organization for the purpose of investment or gain from an interest in real property, including but not limited to a sale, exchange, trade or development of such real property, on behalf of others.

Public Relations Event means:

1. departure, incapacitation, illness or death of any partner, member, officer, director, or sole proprietor-owner of the **Named Insured**.
2. dissolution of the **Named Insured**.
3. violent act, kidnapping, sexual assault, criminal firearm use, or workplace accident resulting in negative local or national media coverage of the **Named Insured**.

Public Relations Expenses means reasonable fees and expenses incurred by the **Named Insured** for advisory services provided by a public relations firm to the **Named Insured** for up to 60 days following a **Public Relations Event**.

Real estate investment trusts means any trust, corporation, association or entity designed or used to permit investment in interests in real property, under which such interests are held and managed for the beneficial

owners of the trust or other entity, whether or not it qualifies for treatment as a real estate investment trust pursuant to 26 U.S.C. 856, 857 or 858 or any other provision of the United States Internal Revenue Code.

Real estate services means those professional services performed for others in the **Insured's** capacity as a real estate agent, real estate broker, leasing agent, **property manager**, real estate auctioneer, real estate appraiser, real estate consultant or counselor, **short term escrow agent**, **referral agent**, notary public, or member of a real estate accreditation, standards review or similar real estate board or committee. Real estate services shall also include real estate services performed for others by an **Insured** on or via the **Insured's** internet, e-mail, telecommunication or similar system.

Referral agent means a real estate agent whose services are limited to referring clients to an **Insured** for the purposes of commencing a real estate transaction, and do not include active solicitation or engagement in the sale of property.

Related claims mean all **claims** arising out of a single act or omission or arising out of related acts or omissions in the performance of **real estate services**.

Residential Property means a one to four family dwelling in which the **Insured** or others reside.

Retroactive date means the date, shown in Item 7. in the Declarations, on or after which an act or omission must have been committed for coverage under this policy to apply.

Short term escrow agent means an **Insured** performing the following services:

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 the **Insured's** funds and where such funds are to be fully distributed within 12 months from the date received.

IV. EXCLUSIONS

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

- A. based on or arising out of **bodily injury**;
- B. based on or arising out of **property damage** except that this exclusion will not apply to **claims** arising out of **lock-box**;
- C. based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by the **Insured**; The **Company** will provide the **Insured** with a defense of such claim and pay **claim expenses** for any such suit which is brought alleging such dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission as a single allegation in a multiple allegation suit, provided any one allegation is covered under this policy. Criminal proceedings are not covered under this policy regardless of the allegations made against the **Insured**;
- D. based on or arising out of:
 - 1. the conversion, commingling, defalcation, misappropriation or improper use of funds or other property;
 - 2. the gaining of any personal profit or advantage to which the **Insured** is not legally entitled; or

3. 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**.

E. based on or arising out of:

1. any promises, warranties, or guarantees made by an Insured as to the future value or future income of any property; or
2. the valuation or performance of a business in conjunction with any property that is sold.

F. based on or arising out of:

1. nuclear reaction, contamination or radiation, including but not limited to radon, regardless of cause;
2. the actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **pollutants** whether suddenly or over a period of time; or 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**;
3. lead, whether or not the lead was at any time: airborne as a particle; contained in or formed a part of a product, structure or other real or personal property; ingested or inhaled or transmitted in any fashion; or found in any form whatsoever; or
4. asbestos, whether or not the asbestos was at any time: airborne as a fiber, particle or dust; contained in or formed a part of a product, structure or other real or personal property; carried on clothing; ingested or inhaled or transmitted in any fashion; or found in any form whatsoever;

unless and only to the extent that, the **claim** results from the **Insured's** failure to disclose the existence of **pollutants**, asbestos, lead, or radon.

- G. 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 **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, **fungi** or bacteria, by an insured or by any other person or entity.

- H. based on or arising out of discrimination, humiliation, harassment, or misconduct. This exclusion will not apply to **fair housing discrimination**;

- I. by or on behalf of any **Insured** against any other **Insured**;

- J. based on or arising out of **property syndication** or **real estate investment trusts**;

- K. based on or arising out of the purchase of property by, or the sale, leasing, appraisal, or property management of property developed, constructed or owned by:

1. any **Insured**;
2. any entity in which any **Insured** had a financial interest or a contemplated financial interest;

3. any entity which had a financial interest or a contemplated financial interest in the **Named Insured**; or
4. any entity which was under the same financial control as the **Named Insured**.

This exclusion will not apply to any **claim** based on or arising out of:

- i. the 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 20% at the time of sale or lease;
 - ii. the sale of **residential property** by an **Insured** who is the owner of such **residential property** and all of the following conditions are met in connection with such sale:
 - a. a seller disclosure form was signed by the **Insured** and acknowledged in writing by the buyer prior to closing;
 - b. an accredited written home inspection report was issued or waived in writing by the buyer; and
 - c. a state or local board-approved standard sales contract was utilized;
 - iii. the sale, listing or management of the **Named Insured's residential property** by another **Insured** who is not the owner of such **residential property**;
 - iv. the 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
 - v. the management of 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%.
- L. based on, arising out of, or related to actual or alleged misappropriation of ideas, information or materials; improper gaining or misuse of copyrights or trademarks; improper gaining or misuse of confidential or proprietary information, materials or trade secrets; interference with actual or prospective business relationships, contracts or contractual relationships or unfair competition.
- M. based on or arising out of any anti-trust law violation or any agreement or conspiracy to restrain trade;
- N. based on or arising out of:
1. any advice or recommendations, including the failure to provide advice or recommendations, concerning the purchase of, or need for, any type of insurance, or
 2. The failure to purchase or maintain any type of insurance.
- O. based on or arising out of liability of others assumed by the **Insured** under any contract or agreement unless, and only to the extent that, such liability would have attached to the **Insured** even in the absence of such contract or agreement.
- P. 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; or

4. any state Blue Sky or Securities law;

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.

Q. based on or arising out of any activity relating to:

1. Right-of-Way Appraisal; or

2. Proposed Construction/Land Development appraisal or Vacant Land appraisal, unless the Proposed Construction/Land Development appraisal or Vacant Land appraisal is solely intended for private residential property use.

V. 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** will not exceed the amount stated in Item 4.A. in the Declarations for "Each claim."

B. Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **damages** for all **claims** will not exceed the aggregate amount stated in Item 4.A. in the Declarations as the "Policy Aggregate."

C. Fair Housing Discrimination Limit of Liability

The "fair housing discrimination limit of liability" is an aggregate limit of liability that is included within, and is not in addition to, the "Policy Aggregate" limit of liability. The fair housing discrimination limit of liability will not exceed the aggregate amount stated in Item 4.B. in the Declarations. **Claim expenses** are within and will reduce the "fair housing discrimination limit of liability."

D. Deductible

The deductible amount shown in item 5. In the Declarations is the **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.

E. Multiple Insureds, Claims and Claimants

The limits of liability shown in the Declarations is the maximum amount the **Company** will pay under this policy for **damages** regardless of the number of **Insureds**, **claims** made or claimants. **Related claims** made against the **Insured** and reported in writing to the **Company** under this policy or under any renewal of this policy will be considered a single **claim** first made and reported to the **Company** during the **policy period** in which the earliest of the **related claims** was first made and reported in writing to the **Company**.

VI. CONDITIONS

A. Named Insured Sole Agent

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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**.

B. Insured's Duties In the Event of a Claim or Potential Claim

1. In the event of a **claim**, the **Insured** must notify the **Company** in writing as soon as possible during the **policy period**, or any applicable **extended reporting period**, or within 60 days after the end of the **policy period**. Notice should be sent to the **Company** or to its authorized representative at the address stated in Item 8. in the Declarations.
2. If, during the **policy period**, the **Insured** becomes aware of any act or omission that may reasonably be expected to be the basis of a **claim** and if the **Insured**, during the **policy period**, provides the **Company** with written notice containing:
 - 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 **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**. Notice should be sent to the **Company** or to its authorized representative at the address stated in Item 8. in the Declarations. The **Company** will provide pre-claims assistance with a potential **claim** if the **Insured** complies with the notification provision stated herein.

C. 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 any **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 written consent of the **Company**.

D. Innocent Insureds

If coverage of this policy would not apply because of Exclusion C. or because of noncompliance with Condition B., 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 Exclusion C. and whose conduct did not violate Condition B.

E. Action Against the Company

1. No action may be brought against the **Company** concerning this policy unless, as a condition precedent to such action, the **Insured** has fully complied with all the terms of this policy, and the amount of the **Insured's** obligation to pay has been decided.
2. Such amount can be decided either by final judgment against the **Insured** after actual trial, or by written agreement among the **Insured**, the **Company**, and the claimant. Such action must be brought against the **Company** in 2 years, or during any applicable statute of limitations for bringing of such action, whichever is longer.
3. No person or entity has any right under this policy to include the **Company** in any action against the **Insured** to determine the **Insured's** liability, nor will the **Company** be brought into such action by the **Insured** or the **Insured's** representative.

F. Changes

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

G. Assignment

The interest of the **Insured** under this policy may not be assigned without the **Company's** express written consent.

H. Bankruptcy or Insolvency

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

I. 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.

J. Entire Contract and Application

By acceptance of this policy, the **Insured** warrants that the statements in the application are representations of the **Insured** and are deemed material to the underwriting and acceptance of coverage by the **Company**. This policy is issued in reliance on the accuracy of such representations. Any material misrepresentation or concealment by the **Insured** or the **Insured's** agent will render this policy null and void and will relieve the **Company** from all liability herein.

K. Other Insurance

This policy is excess over any other valid and collectible insurance, self-insurance or indemnification agreement available to the **Insured**, whether such other insurance, self-insurance or indemnification agreement is stated to be primary, contributory, excess, contingent or otherwise.

L. Examination of 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 3 years afterward.

M. Cancellation

This policy may be cancelled by the **Named Insured** by giving the **Company** prior written notice stating when such cancellation will be effective. If the **Named Insured** cancels, earned premium will be calculated on a short rate basis.

This policy may be cancelled by the **Company** 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 is to be effective except for nonpayment of premium in which case the **Company** will provide 10 days notice prior to cancellation. The premium will be computed on a pro rata basis.

Notice of cancellation will state the effective date and reason for cancellation. The **policy period** will end on that date. If notice is mailed, proof of mailing will be sufficient notice.

N. Subrogation

In the event of any payment under this policy, the **Company** will be subrogated in the amount of such payment to all of 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.

O. Liberalization

If during the **policy period**, the **Company** makes any modifications in the form of this policy that are intended to pertain to all **Insureds** that have such forms as part of their policy, and by which the insurance afforded could be expanded by endorsement of replacement of form without increase premium charge, then such expanded insurance applies to the **Insured** as of the date the revision is permitted for use by the relevant department of insurance.

VII. EXTENDED REPORTING PERIOD

A. Optional Extended Reporting Period

1. If this policy is terminated for any reason other than fraud, material misrepresentation or nonpayment of premium, the **Named Insured** may purchase an **extended reporting period**.
2. To exercise this right, the **Named Insured** must provide written notice to the **Company** within 60 days of the termination requesting the purchase of an **extended reporting period** and pay the premium due to the **Company**. The premium for the **extended reporting period** will be developed in accordance with the rules, rates, and rating plans then in effect for the **Company**.

3. The **extended reporting period** will be for a period of 1, 2, or 3 years or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.
4. The limit of liability applicable to the **extended reporting period** will be the limit of liability remaining under the terminated policy or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.
5. The **extended reporting period** will not apply to any pending **claim** or proceedings; any paid **claim**; any **real estate services** performed after the effective date of the **extended reporting period**; or **claims** that are covered under any other insurance available to the **Insured**, or that would be covered but for the exhaustion of the limits.

B. Retirement Extended Reporting Period

1. If, during the **policy period**, the **owner/broker** of the **Named Insured** stated in Item 1. of the Declarations permanently retires from the practice of **real estate services** for reasons not related to suspension or revocation of the **owner/broker's** professional license, or Death or Disability as described in Section C. below, and the **Named Insured** ceases operations the **Company** will provide a retirement **extended reporting period** as set forth below.
2. The retirement **extended reporting period** will start with the date of the **owner/broker's** retirement and ends when one of the following occurs:
 - a. The **owner/broker** resumes the practice of **real estate services**; the **owner/broker** may be eligible to purchase, at the **Company's** option, a policy from the **Company** to reinstate full prior acts coverage;
 - b. Any insurance is issued which replaces, in whole or in part, the coverage afforded by the retirement **extended reporting period**;
 - c. The limits of liability have been exhausted; or
 - d. Three (3) years have elapsed from the date of the **owner/broker's** retirement.
3. The additional premium for this option shall be waived if the **owner/broker** has been continuously insured by the **Company** under a real estate errors and omissions professional liability insurance policy for at least four (4) consecutive years
4. The **Company** will issue a retirement **extended reporting period** endorsement only if:
 - a. The **owner/broker** requests the endorsement no more than sixty (60) days after the date of the **owner/broker's** retirement, or sixty (60) days after the end of the **policy period**, whichever is earlier. Such request must include written notification of retirement;
 - b. The **owner/broker** has paid all premiums and deductibles due for this policy at the time the **owner/broker** requests a retirement **extended reporting period** endorsement; and
 - c. The **owner/broker** pays when due the additional premium for the endorsement.

5. The limit of liability applicable to the **extended reporting period** will be the limit of liability remaining under the terminated policy or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.
6. The **extended reporting period** will not apply to any pending claim or proceedings; any paid claim; any **real estate services** performed after the effective date of the **extended reporting period**; or **claims** that are covered under any other insurance available to the **Insured**, or that would be covered but for the exhaustion of the limits.

C. Death or Disability Extended Reporting Period

1. If, during the **policy period**, the **owner/broker** of the **Named Insured** stated in Item 1. of the

Declarations dies or become totally and permanently disabled and the **Named Insured** ceases operations, the **Company** will offer a Death or Disability **extended reporting period** at no charge. Totally and permanently disabled means that the **owner/broker** is completely incapable of rendering **real estate services**, and such disability:

- a. Has existed for not less than ninety (90) consecutive days; and
 - b. Is expected to be continuous, total, and permanent.
2. The death or disability **extended reporting period** will start on the date the **owner/broker** dies or becomes totally and permanently disabled, and will end when one of the following occurs:
 - a. The executor or administrator of the **owner/broker's** estate has been discharged;
 - b. The total and permanent disability ends, whether or not the **owner/broker** resumes practice;
 - c. Any insurance is issued which replaces, in whole or in part, the coverage afforded by the death or disability **extended reporting period** endorsement;
 - d. The limits of liability have been exhausted; or
 - e. Three (3) years have elapsed from the date of the **owner/broker's** death or total and permanent disability.
 3. The **Company** will issue a death or disability **extended reporting period** endorsement only if the **owner/broker** or the **owner/broker's** representative request it no more than ninety (90) days after the date of the **owner/broker's** death or total permanent disability, or ninety (90) days after the end of the **policy period**, whichever is later. Such request must include:
 - a. A copy of the certified death certificate; or
 - b. Written proof, certified by the **owner/broker's** attending physician, of total permanent disability including the date it occurred.
 4. The limit of liability applicable to the **extended reporting period** will be the limit of liability remaining under the terminated policy or as otherwise required by the regulatory guidelines governing this type of insurance in the **Named Insured's** state.

5. The **extended reporting period** will not apply to any pending **claim** or proceedings; any paid **claim**; any **real estate services** performed after the effective date of the **extended reporting period**; or **claims** that are covered under any other insurance available to the **insured**, or that would be covered but for the exhaustion of the limits.