

GOTHAM INSURANCE COMPANY

(A New York Corporation)

Home Office Address:
Mutual Marine Office, Inc.
919 Third Avenue, 10th Floor
New York, NY 10022
1-800-367-0224

Producer Name:
Brown & Brown of CA, Inc.
681 S. Parker St., Ste. 200
Orange, CA 92868

REAL ESTATE AGENTS AND BROKERS ERRORS AND OMISSIONS LIABILITY POLICY

NOTICE: THIS IS A CLAIMS MADE AND REPORTED 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. THE LIMITS OF LIABILITY AVAILABLE TO PAY

READ YOUR POLICY CAREFULLY.

DECLARATIONS

Policy Number:	RE101872	Previous Policy	New
Named Insured and Mailing Address:	Summit Realty Group Inc 177 Riverside Ave Ste F #1156 Newport Beach, CA 92663		
The Policy Period is From:	Expiration Date:	05/01/2010	
Effective Date:	05/01/2009	(12:01 A.M. Standard Time at the Named Insured's Address Stated Above)	
Retroactive Date:	This insurance does not apply to any acts, errors, omissions or personal injuries which occurred before the Retroactive Date, if any, shown below: 05/01/2009 (12:01 A.M. Standard Time at the Named Insured's Address Stated Above)		
Limits of Insurance:	Description	Amount	
	Each Claim	\$1,000,000.00	
	Aggregate	\$1,000,000.00	
Deductible:	\$7,500.00		
In return for payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this Policy.			
Base Premium:	\$2,561.00	Broker Fee:	\$0.00
Stamp Fee:	\$5.76	Municipal Tax:	\$0.00
		State Tax:	\$76.83
		Total Cost:	\$2,643.59

Forms and Endorsements:

Ded Applicable to Damages & Defense Costs 0206

Limit of Liability: Defense Costs Excluded 0206

Real Estate Agents & Brokers E&O Policy 0206

Signature Endorsement

Countersignature of Authorized Agent:



Date: 06/04/2009

**REAL ESTATE AGENTS' AND BROKERS'
ERRORS AND OMISSIONS LIABILITY COVERAGE**

NOTICE: THIS IS A CLAIMS MADE AND REPORTED 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.

Capitalized words have special meanings that are defined in **Section II, DEFINITIONS**.

In consideration of the payment of the premium and subject to the Limit of Liability of this insurance as set forth in the Declarations, Exclusions, Conditions and other terms of this Policy, the COMPANY agrees with the NAMED INSURED as follows:

I. INSURING AGREEMENT

A. COVERAGE A. - PROFESSIONAL LIABILITY AND PERSONAL INJURY:

To pay DEFENSE COSTS and, on behalf of the INSURED, sums, which the INSURED becomes legally obligated to pay as DAMAGES because of a CLAIM for:

Any negligent act, error, or omission or PERSONAL INJURY committed by the INSURED, or of any person for whose acts the INSURED is legally liable, in rendering or failing to render PROFESSIONAL SERVICES and arising out of the conduct of the NAMED INSURED.

B. COVERAGE B. - POLLUTION DETECTION LIABILITIES:

1. **NON-RESIDENTIAL PROPERTY:** To pay DAMAGES and DEFENSE COSTS resulting from any CLAIM arising out of the failure to detect, report or advise of the existence of POLLUTION. The Company's obligation to pay such DAMAGES and DEFENSE COSTS shall not exceed \$100,000 as a result of any one such CLAIM or, in the aggregate, all such CLAIMS arising during the POLICY PERIOD, regardless of the Limits of Liability stated on the Declarations page. The Company shall not be obligated to pay any DAMAGES or DEFENSE COSTS or to defend any CLAIM arising out of the failure to detect, report or advise the existence of POLLUTION after this \$100,000 sub-limit of the Company's liability has been exhausted. Further, any amounts paid under this section reduce the remaining aggregate Limits of Liability, as stated on the Declarations page.

2. **RESIDENTIAL PROPERTY:** To pay DAMAGES and DEFENSE COSTS resulting from any CLAIM arising out of the failure to detect, report or advise the existence of POLLUTION. The Company's obligation to pay such DAMAGES and DEFENSE COSTS shall not exceed the amount stated in the Declarations for "Each Claim".

C. DEFENSE AND SETTLEMENT:

Subject to the terms, conditions, and exclusions of the Policy, the Company will have the right and duty to defend any CLAIM against the INSURED seeking DAMAGES to which this insurance applies even if any of the allegations of the CLAIM are groundless, false or fraudulent. It is agreed that the Company may make such investigation and settlement of any CLAIM as it deems expedient, but the Company shall not be obligated to investigate or pay any CLAIM or judgment, or to defend or continue to defend any CLAIM, after the Company's applicable Limit of Liability has been exhausted by payment of judgments or settlements. Amounts incurred under this paragraph are DEFENSE COSTS.

D. TERRITORY:

This Policy applies to acts, errors, omissions, or PERSONAL INJURIES which occur anywhere in the world provided that CLAIM is first made against the INSURED in the United States of America, its territories, possessions or Canada.

E. CLAIMS MADE PROVISIONS:

This Policy applies to acts, errors, or omissions, or PERSONAL INJURIES, which occur:

1. During the POLICY PERIOD, and then only if CLAIM is first made against the INSURED and reported in writing to the COMPANY during the POLICY PERIOD, or within 60 days after the expiration date, or during the Extended Reporting Period (if applicable); or
2. Prior to the effective date of this Policy, but subsequent to the RETROACTIVE DATE if any, stated in the Declarations, provided that:
 - a. As of the effective date of this Policy, no INSURED has knowledge of any CLAIM, potential CLAIM or circumstances which could result in a CLAIM; and
 - b. There is no other valid and collectible insurance available to the INSURED for any such prior act, error, omission or PERSONAL INJURY; and,
 - c. The CLAIM is first made against the INSURED and reported in writing to the COMPANY: during the POLICY PERIOD, or within 60 days after the expiration date, or the Extended Reporting Period (if applicable).

II. DEFINITIONS:

A. "BODILY INJURY" means physical or mental harm, mental anguish, emotional distress, humiliation, sickness or disease sustained by a person, including death resulting from any of these at any time. This includes all effects of sexual acts, including rape, sexual molestation, non-consensual sex, or sexual assault.

B. "CLAIM" shall mean a written demand for money naming the INSURED by reason of an act, error, omission or PERSONAL INJURY in the performance of the INSURED's PROFESSIONAL SERVICES. A CLAIM also includes the service of suit or the institution of an arbitration or mediation proceeding against the INSURED by reason of an act, error, or omission or PERSONAL INJURY in the performance of PROFESSIONAL SERVICES.

C. "COMPANY" means the insurance company named in the Declarations.

D. "DAMAGES" shall mean monetary judgments, monetary awards, or monetary settlements, which an INSURED is legally obligated to pay for any CLAIM to which this insurance applies. However, DAMAGES shall not include:

1. Fines or penalties imposed by law or regulation or self-regulatory agency and to the extent they act as fines or penalties, multiple damages imposed by law.
2. Sums which are deemed uninsurable under the law of the state or jurisdiction in which CLAIM or suit is brought.

E. "DEFENSE COSTS" shall mean and consist of:

1. All fees, costs and expenses incurred by or at the direction of the Company in the investigation, adjustment, defense or appeal of any CLAIM or proceeding to which this insurance applies;

provided, however, fees, costs and expenses shall not include the cost of investigation and adjustment of CLAIMS by salaried employees of the Company or independent adjusters incurred by or at the direction of the Company in the defense of any CLAIM to which this insurance applies.

2. Premium on appeal bonds required in any suit defended by the Company, premiums on bonds to release attachments in any such suit, however, the Company shall have no obligation to apply for or to furnish any such bond.

3. Interest on any judgment in any suit defended by the Company which accrues after entry of judgment and before the Company has paid, tendered or deposited, whether in court or otherwise, that part of such judgment which does not exceed the Company's Limit of Liability applicable thereto.

4. All reasonable expenses, other than loss of earnings, incurred by the INSURED at the Company's request.

F. FUNGUS means any:

1. Airborne particles, microorganisms (living or dead), microbes, fragments, mycotoxins, toxins, allergens, or particulate waste products generated by living organisms;

2. Fungi, including mold or mildew, any mycotoxins, toxins, allergens, spores, scents, vapors, gases or by-products produced or released by fungi; or

3. Solid, semi-solid or liquid irritants or contaminants, including biologic and etiologic agents or materials, or any infectious bioaerosols, solids or gases.

G. "INSURED" shall mean:

1. The NAMED INSURED;

2. Any of the following, while acting on behalf of the NAMED INSURED with respect to PROFESSIONAL SERVICES provided by the NAMED INSURED:

a. Employees of the NAMED INSURED;

b. Independent contractors of the NAMED INSURED;

c. Any person who was or is an officer, member, director, or stockholder

d. Any personal assistant of any Real Estate Agent insured under this policy

3. The estate and its executors, administrators or legal representatives of the NAMED INSURED in the event of the NAMED INSURED'S death, incapacity or bankruptcy and;

4. Any real estate franchise corporation of which the NAMED INSURED is a franchisee, but only when named in a lawsuit due to an act, error, omission or personal injury committed by an INSURED in the performance of PROFESSIONAL SERVICES and not due wholly or in part to any independent negligence, act, error, omission, personal injury or bad faith by or on behalf of any real estate franchise corporation.

H. "NAMED INSURED" shall mean the person or organization named in the Declarations of this Policy.

I. "NON-RESIDENTIAL PROPERTY" Shall mean all real property not defined as RESIDENTIAL PROPERTY. However, NON-RESIDENTIAL PROPERTY shall not include personal property.

J. "PERSONAL INJURY" shall mean injury sustained by any person or organization caused by or arising out of the following offenses actually or allegedly committed by an INSURED:

1. False arrest, detention or imprisonment or malicious prosecution;
2. The publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy or;
3. The wrongful entry or eviction or other invasion of the right of private occupancy.

PERSONAL INJURY does not include BODILY INJURY.

K. "POLICY PERIOD" shall mean the period on the Declarations page of the Policy.

L. "POLLUTION" means any solid, liquid, gaseous or thermal irritant, contaminant or toxin, including but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, metals, **silica, asbestos, asbestos compounds or materials containing asbestos**, waste or any like substances. In addition to **Pollutants** to be disposed of, waste also includes materials to be recycled, reconditioned, or reclaimed. The term "pollutants" shall include products, which have RELEASED from tanks, drums, pipelines, hoses or any other conveyance or container and, as a consequence, pose a threat to health or the environment. The definition of POLLUTION does not include mold, FUNGUS or any form of mold or FUNGUS.

M. "PROFESSIONAL SERVICES" shall mean those services performed in the conduct of the real estate sales business of the NAMED INSURED and rendered in the INSURED'S capacity as a:

1. One of the following real estate professionals:
 - a. Real estate broker;
 - b. Real estate agent;
 - c. Real estate sales person;
 - d. Real estate consultant or real estate counselor;
 - e. Real estate appraiser;
 - f. Real estate auctioneer;
 - g. Real estate leasing agent; or,
 - h. Real estate property manager;

However, this Policy shall be excess over any coverage provided under a general liability policy or a comprehensive general liability policy with respect to PROFESSIONAL SERVICES as a real estate property manager.

2. Notary Public, while acting on behalf of the NAMED INSURED.
3. Member of a formal real estate accreditation, standards review or similar real estate board or committee; or
4. Mortgage broker.
5. PROFESSIONAL SERVICES does not include home inspection or work inspecting buildings or real estate for POLLUTION.

N. "RELEASE" means discharge, dispersal, seepage, migration, release or escape of POLLUTANTS.

O. "RESIDENTIAL PROPERTY" shall mean:

1. A dwelling building consisting of between one (1) and four (4) units in which people have resided; or
2. A dwelling building consisting of between one (1) and four (4) units which is newly constructed for the purpose of being sold as a residence.

P. "RETROACTIVE DATE" shall mean the date shown in the Declarations as "RETROACTIVE DATE."

III. LIMIT OF LIABILITY, SUPPLEMENTARY PAYMENTS AND DEDUCTIBLE AMOUNT:

A. Limit of Liability -- Each CLAIM: The Limit of Liability of the Company as stated in the Declarations is applicable to DAMAGES, including DEFENSE COSTS, for each CLAIM and shall not exceed the amount stated in the Declarations for "Each CLAIM."

B. Limit of Liability -- Aggregate: The Limit of Liability of the Company for all CLAIMS first made during each annual term of the POLICY PERIOD, including DEFENSE COSTS, shall not exceed the amount stated in the Declarations as "Aggregate".

C. Supplementary Payments: The Company will pay in addition to the applicable Limit of Liability

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1. Upon written request by an INSURED during the pendency of the matter involving the hearing, trial or arbitration, \$250 for loss of earnings to each individual INSURED for each day or pro-rata for part of a day of such INSURED'S attendance at the Company's request at a trial, hearing or arbitration proceeding involving a civil suit against such INSURED for covered DAMAGES, but the amount so payable for any one or series of trials, hearings or arbitration proceedings arising out of the same act, error, omission or PERSONAL INJURY shall in no event exceed \$5,000.

2. Up to \$5,000.00 to the INSURED for attorney fees and other reasonable costs, expenses or fees resulting from the investigation or defense of a proceeding before a real estate licensing board incurred by the INSURED as the result of a notice of proceeding both first received by the INSURED and reported to us during the POLICY PERIOD, arising out of an act or omission in the rendering of PROFESSIONAL SERVICES by the INSURED. In no event shall the amount payable hereunder exceed \$5,000.00 per proceeding and \$10,000.00 per POLICY PERIOD regardless of the number of insureds or the number of such proceedings.

D. Deductible: The Deductible stated in the Declarations shall be reduced by \$1000 for each CLAIM involving a transaction in which an accredited home inspection report was issued in connection with the subject transaction. The Deductible applies only to the payment of DAMAGES. The Company shall pay only that part of DAMAGES, which are in excess of the Deductible for each CLAIM, subject to the Limit of Liability under this Policy. If the INSURED fails to pay the Deductible on any specific CLAIM this Policy will be void for all purposes for that CLAIM.

If a claim arises out of the INSURED acting on behalf of both the seller and the buyer then the deductible will apply to both DAMAGES and DEFENSE COSTS.

E. Multiple INSUREDS, CLAIMS or claimants: The inclusion herein of more than one INSURED or the making of CLAIMS by more than one person or organization shall not operate to increase the Company's Limit of Liability. Two or more CLAIMS arising out of a single act, error or omission or PERSONAL INJURY or a series of related acts, errors or omissions or PERSONAL INJURIES shall be treated as a single CLAIM. When the INSURED is rendering PROFESSIONAL SERVICES on behalf of both the buyer and the seller, all such claims arising from such transaction shall be treated as a single CLAIM and shall not operate to

increase the Company's Limit of Liability. All such CLAIMS, whenever made, shall be considered first made during the Policy period or Extended Reporting Period in which the earliest CLAIM arising out of such acts, errors, omissions or PERSONAL INJURIES was first made and reported to the Company in writing and all such CLAIMS shall be subject to the same Limit of Liability.

F. The total Limit of Liability provided by the Company regardless of the number of policies purchased by the NAMED INSURED from the Company shall not exceed the largest Limit of Liability purchased on a single policy.

G. With respect to PROFESSIONAL SERVICES as a real estate property manager, this Policy shall be excess over any coverage provided under a general liability policy or a comprehensive general liability policy.

IV. EXTENDED REPORTING PERIOD:

A. 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. The Extended Reporting Period shall extend the period in which an INSURED may report a CLAIM first made against an INSURED after the POLICY PERIOD for any actual or alleged act error or omission committed after the RETROACTIVE DATE and prior to the expiration date of this policy and otherwise covered under this policy.

B. To exercise this right, the NAMED INSURED must provide notify and pay the Company within 30 days after the termination requesting the purchase of an Extended Reporting Period and pay the premium due to the Company. The NAMED INSURED may select an Extended Reporting Period for a period of one (1) year, two (2) years or three (3) years. The premium for the Extended Reporting Period will be computed according to the following percentages based on the total annual premium amount:

1. A one-year Extended Reporting Period for 100% of the expiring premium;
2. A two-year Extended Reporting Period for 150% of the expiring premium; or
3. A three-year Extended Reporting Period for 185% of the expiring premium.

C. The Limit of Liability applicable to the Extended Reporting Period will be the Limit of Liability remaining under the terminated Policy.

D. The Extended Reporting Period will not apply to any CLAIM first made against any INSURED prior to the expiration or termination of this Policy; any act, error, omission or PERSONAL INJURY, 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 of Liability applicable to such CLAIMS.

The Premium for all Extended Reporting Periods will be fully earned at inception. The Extended Reporting Period is not cancelable or renewable.

V. NOTICE OF CIRCUMSTANCES:

If, during the POLICY PERIOD, the Company is given written notice, by an INSURED, of any act, error, omission or PERSONAL INJURY which could reasonably be expected to give rise to a CLAIM against the INSURED under this Policy, any CLAIM which subsequently arises out of such act, error, omission or PERSONAL INJURY shall be considered to be a CLAIM first made during the POLICY PERIOD in which the written notice was received, *provided* that the INSURED gives notice of the claim as soon as practicable consistent with the notice provisions of this Policy, by specifying, to the greatest extent possible, the name(s) of the potential claimants, the property or interest(s) involved, and the nature of the act, error, or omission or PERSONAL INJURY.

VI. EXCLUSIONS

This Policy does not apply to:

A. Any act, error, omission or PERSONAL INJURY committed with dishonest, fraudulent, criminal or malicious purpose or intent, or any injury, which was expected or intended by the INSURED. However, this Exclusion does not apply to:

1. Any other INSURED, unless the act, error or omission was committed with the prior knowledge or participation of such other INSURED or if such other INSURED personally acquiesced or remained passive after having knowledge of such dishonest, fraudulent, criminal or malicious purpose or intent; or
2. Any CLAIM that is based upon or arises out of any act, which is the basis of a malicious prosecution CLAIM.

B. Any CLAIM based upon or arising out of BODILY INJURY to any person, resulting from any cause. This includes BODILY INJURY directly or indirectly arising out of supervision, training, hiring, disciplining, or termination of one or more employees or failure to train, supervise, discipline, or terminate one or more employees.

C. Any CLAIM based upon the injury or destruction of any tangible property including loss of use thereof, however, this exclusion does not apply to claims for property damage or loss of use based upon or arising out of the PROFESSIONAL SERVICES of the INSURED as a real estate agent or real estate broker in the distribution, maintenance, operation or use of a lock box on property not owned or occupied by or leased to the INSURED.

D. Any CLAIM based upon or arising out of liability any INSURED assumes under any contract or agreement, except that this Exclusion does not apply to any otherwise-covered CLAIM an INSURED would have in the absence of the contract or agreement.

E. Any CLAIM based upon or arising out of the formation, syndication, operation or administration of a corporation, general or limited partnership, joint venture or real estate investment trust.

F. Any CLAIM based upon or arising out of notarized certification or acknowledgment of a signature without the physical appearance of the person who is or professes to be the person signing said instrument before the INSURED hereunder.

G. Any CLAIM based upon or arising out of the INSURED making warranties, promises or guarantees as to a particular value of property.

H. Any CLAIM based upon or arising out of:

1. The conversion, commingling, defalcation, misappropriation or improper use of funds or other property including but not limited to; failure to pay commissions, including finder's fees or the failure to pay or collect escrow or tax monies
2. The gain of any personal profit, commission or advantage to which the INSURED is not legally entitled;

3. The inability or failure to pay, collect or safeguard funds held for others except CLAIMS arising out of the inability or failure to return deposits held in escrow where the parties can not agree to whom the monies should be distributed.

I. Any CLAIM based upon or arising out of disputes with another real estate agent or broker including but not limited to disputes concerning commissions, fees or client lists.

J. Any CLAIM made by an INSURED against any other INSURED unless such CLAIM arises solely out of PROFESSIONAL SERVICES rendered in a broker-client capacity.

K. Any CLAIM brought by or on behalf of an investor, shareholder or partner in any corporation, limited or general partnership, real estate investment trust or venture in which it is alleged the INSURED has or had a participating interest, directly or indirectly, in the profits or losses thereof.

L. Any CLAIM based upon or arising out of the operation, management or ownership of any business not named in the Declarations.

M. Any CLAIM based upon or arising out of the purchase of property by, or the sale, leasing, appraisal, or property management of property 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 an INSURED; or
4. Any entity which was under the same financial control as the NAMED INSURED.

Except that this Exclusion will not apply to any CLAIM based upon or arising out of:

- a. The sale of RESIDENTIAL PROPERTY by an INSURED who is the owner of such RESIDENTIAL PROPERTY if all of the following conditions are met in connection with such sale:
 - i. An accredited written home inspection report was issued in connection with the subject transaction; and
 - ii. The INSURED was not the buyer's agent; and
 - iii. A seller's disclosure form was signed by the INSURED and acknowledged by the buyer prior to closing; and
 - iv. A state or local board-approved standard sales contract was utilized.

The Deductible stated in the Declarations shall apply to each CLAIM involving coverage provided in M. 4. a. above. This Deductible applies to the payment of DAMAGES and DEFENSE COSTS. The Company shall pay only that part of DAMAGES and DEFENSE COSTS in excess of the applicable Deductible, subject to the Limit of Liability of the Policy.

- b. The sale of an INSURED'S RESIDENTIAL PROPERTY by another INSURED who is not the owner of such RESIDENTIAL PROPERTY provided that the RESIDENTIAL PROPERTY owner was not the selling, listing, or closing agent; or

c. The sale of real property owned by an INSURED if the property was acquired by an INSURED under 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

d. The management of property in which an INSURED'S or all INSUREDS' legal or beneficial interest at the time property management services were performed is less than 50%; or

e. The sale or leasing of real property, other than RESIDENTIAL PROPERTY, in which the combined ownership interest of all INSUREDS was less than 15% at the time of sale or lease.

N. Any CLAIM based upon or arising out of the purchase of property by, or the sale, leasing, appraisal, or property management of property developed or constructed 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.

O. Any CLAIM based on or arising out of any obligations for which the INSURED or any carrier acting as his insurer may be liable under any Workers' Compensation, Unemployment Compensation, disability or pension benefits law, or any similar laws, including, but not limited to, the Employee Retirement Income Security Act of 1974 and any amendments thereof.

P. Any CLAIM based upon or arising out of the actual or alleged violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or any state "Blue Sky" securities law or any similar state or federal statutes, including any rules or regulations promulgated thereto.

Q. Any CLAIM based upon or arising out of any actual or alleged discrimination, humiliation or harassment of any kind by any INSURED, based upon but not limited to, race, color, creed, national origin, physical or other disability, marital status, age, sex, sexual orientation or family status; this includes the steering of business to or away from a particular market or any similar breach of fiduciary duty to seek best price, terms and conditions, and security for the INSURED'S client(s). This exclusion applies to alleged violations of Title VIII of the Civil Rights Act of 1968 or the Fair Housing Amendment Act of 1988 or any similar federal, state, or local ordinance, to the extent the combination of DAMAGES or DEFENSE COSTS exceed a total of \$100,000 as a result of any one CLAIM or all such CLAIMS arising during the POLICY PERIOD in the aggregate.

R. Any CLAIM based upon or arising out of the failure to purchase or maintain any insurance or bonds.

S. Any CLAIM based upon or arising out of PERSONAL INJURY based on publications or utterances in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the INSURED.

T. Any CLAIM based upon or arising out of any of the following:

1. Failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the effects of or advise of the existence of POLLUTION;
or
2. CLAIM by or on behalf of a governmental authority for DAMAGES because of POLLUTION;
or
3. Request, demand or order that the INSURED or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of POLLUTION;
or,
4. Failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the effects of or advise of the existence of, or the failure to find, identify, report, remediate, prescribe a solution to, or otherwise based upon or arising out of any of the following:
 - (1.) silica, asbestos, asbestos compounds or materials containing asbestos;
 - (2.) lead, lead-based, or lead-containing substances; or
 - (3.) radon.

This Exclusion shall not apply to the coverage provided under **COVERAGE B. - POLLUTION DETECTION LIABILITIES.**

In addition, the Company will not defend or pay under this Policy any loss, cost or expense which would not have happened in whole or part, had there been no POLLUTION at any time.

In addition, the COMPANY will not pay DAMAGES or DEFENSE COSTS resulting from any CLAIM arising out of the failure to detect, report or advise the existence of POLLUTION which is a result of an intentional act by a third party.

U. Any CLAIM based upon or arising out of the INSURED'S interests or operations rendered as a mortgage banker or resulting from the following:

1. The following mortgage banking services:
 - a. The underwriting of loans;
 - b. The retention of loans;
 - c. The warehousing of loans;
 - d. The servicing of loans; and
 - e. The solicitation of investors;
2. The repurchasing, or arrangement for the repurchasing, of loans;
3. Any transaction involving a loan funded in whole or in part by the INSURED'S funds;
4. Any transaction involving a loan funded in whole or in part by the commingling of funds;
5. The INSURED'S failure to comply with Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Housing Authority (FHA), and Veterans Administration (VA) standards, codes, regulations or guidelines;
6. Any guarantee of fund availability;

7. Any guarantee of a specified or "locked in" interest rate that is provided to the INSURED by the institution that is furnishing the funds;
 8. The bankruptcy or insolvency of the lender;
 9. Any service performed relative to a property in which the INSURED has a financial interest, ownership or equity interest;
 10. Any suit brought by a lender against the INSURED for actual or alleged intentional acts or fraud by the INSURED regarding information on loan applications about borrower qualifications; or
 11. Any defective title or deed.
- V. Any CLAIM arising out of or in connection with auctioneering activities other than auctioneering of real property.
- W. Any CLAIM arising out of, or related to actual or alleged misappropriation of ideas, information or materials, including patent, trademark, and copyright infringement; improper gaining or misuse of confidential or proprietary information, materials or trade secrets; interference with actual prospective business relationships, contracts or contractual relationships; or unfair competition.
- X. Any CLAIM arising out of or in any way connected to, directly or indirectly, FUNGUS.
- Y. Any CLAIM arising out of a transaction in which the real estate professional acted in a capacity as both a real estate appraiser and as either a real estate agent, broker, consultant, counselor, or salesperson.
- Z. Any CLAIM that is covered under a general liability policy or the Insurance Services Office, Inc.'s (ISO) comprehensive general liability form, regardless of whether such coverage is in place for an Insured.

VII. CONDITIONS

A. INSURED'S DUTIES IN THE EVENT OF CLAIM, POTENTIAL CLAIM OR SUIT:

1. As a condition precedent to the right of insurance coverage afforded herein, the INSURED shall:
 - a. Notify the Company in writing as soon as possible, with as much specificity as practicable, of a potential CLAIM or CLAIM during the POLICY PERIOD, or any applicable Extended Reporting Period or within sixty (60) days after the end of the POLICY PERIOD. Written notice shall be sent to the Company at:

Mutual Marine Office Inc.
 919 Third Avenue, 9th Floor
 New York, New York 10022
 Phone: 212.551.0600
 Direct Dial: 212.551.0768
 Direct Fax: 212.549.3868
 E-mail: Djoiner@mmo.com

- b. Immediately forward to the Company at the above address, every demand, notice, summons or other document or process received by the INSURED or by the INSURED'S representatives in the event a claim or suit is brought against the INSURED.
- c. Cooperate with the Company by:

- i. Meeting with representatives of the Company, submitting to their examination and interrogation, under oath if requested, and giving written statements to such representatives;
- ii. Attending hearings, depositions and trials; and,
- iii. Assisting in effecting settlement, securing and giving evidence, and obtaining the attendance of witnesses in the conduct of suits.

2. The INSURED shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment which the INSURED may have.

3. The INSURED shall not demand or agree to arbitration or mediation of any CLAIM made against the INSURED without written consent of the Company. The INSURED shall not make any payment, admit any liability, settle any CLAIMS, assume any obligation or incur any expenses without the written consent of the Company. If the insured fails to obtain the written consent of the company this policy shall be void for all purposes, as to that CLAIM.

VIII. OTHER INSURANCE:

Subject to section III. Limit of Liability, Supplementary Payments and Deductible Amount: part E, this insurance will apply only as excess insurance over any other valid and collectible insurance.

IX. SUBROGATION:

In the event of any payment under this Policy, the Company shall be subrogated to all the INSURED'S rights of recovery therefore against any person or organization other than an employee of the NAMED INSURED, and the INSURED shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The INSURED shall do nothing to waive or prejudice such rights.

X. CHANGES:

Notice to any agent or representative, or knowledge possessed by an agent, representative or any other person shall not effect a waiver or change in any part of this Policy or prevent the Company from asserting any rights under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsements issued to form a part of this Policy.

XI. ACTION AGAINST COMPANY:

A. No action shall lie against the Company unless, as a condition precedent thereto, the INSURED shall have fully complied with all the terms of this Policy, and until the amount of the INSURED'S obligation to pay shall have been finally determined either by judgment against the INSURED after actual trial or by written agreement of the claimant and the Company.

B. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy shall give any person or organization any right to join the Company as codefendant in any action against the INSURED to determine the INSURED'S liability.

XII. BANKRUPTCY OR INSOLVENCY OF THE INSURED

Bankruptcy or insolvency of the insured or of the INSURED'S estate shall not relieve the Company of any of its obligations hereunder.

XIII. ARBITRATION:

In the event any CLAIM is submitted by the Company to arbitration, the Company or appointed counsel shall, as soon as practicable, notify the INSURED of the date of hearing thereon.

XIV. ASSIGNMENT:

The interest of any INSURED under this Policy shall not be assignable to any other person. In the event of the death or incompetency of any INSURED, this Policy shall cover the INSURED'S estate and its legal representative as an INSURED as respects any liability previously incurred and covered by this Policy.

XV. CANCELLATION:

A. Cancellation by the NAMED INSURED:

1. This Policy may be canceled by the NAMED INSURED by surrender thereof to the Company or any of its authorized representatives, or by mailing to the Company written notice stating when thereafter cancellation shall be effective.
2. If the NAMED INSURED cancels, earned premium shall be computed in accordance with the customary short rate table and procedure.

B. Cancellation by the Company:

1. This Policy may be canceled by the Company by mailing a written notice of cancellation to the NAMED INSURED, at its address last known to the Company or its authorized representative stating when, not less than SIXTY (60) days thereafter, such cancellation shall become effective.
2. However, if the Company cancels this Policy because the NAMED INSURED has failed to pay a premium when due, this Policy may be canceled by the Company by mailing a written notice of cancellation to the NAMED INSURED, at its address last known to the Company or its authorized representative, stating when, not less than ten (10) days thereafter, such cancellation shall be effective.
3. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable thereafter, but payment or tender of unearned premium is not a condition of cancellation by the Company.

The POLICY PERIOD shall terminate 12:01 AM on the date of cancellation stated in the notice. The mailing of such notice as aforesaid, whether by ordinary mail or by certified mail, shall be sufficient proof of such notice.

XVI. NON-RENEWAL:

A. The Company may elect not to renew this Policy by mailing a written notice to the NAMED INSURED, at its address last known to the Company or its authorized representative, stating the reason(s) for non-renewal, at least sixty (60) days prior to the effective date of the non-renewal.

B. If the Company does not comply with the terms as set forth in A. above, the Policy will terminate:

1. Upon the expiration date, if:

- a. The NAMED INSURED fails to perform any obligation in connection with the payment of premium for the Policy on the renewal of the Policy or any installment payment, whether payable directly to the Company or an authorized representative or indirectly under any premium finance plan or extension of credit;
 - b. The NAMED INSURED notifies the Company or the Company's authorized representative of their intent not to renew this Policy;
 - c. The NAMED INSURED fails to submit a fully completed, signed application and any other underwriting information required by the Company.
2. On the effective date of any other insurance policy issued as replacement for any insurance afforded by this Policy with respect to insurance to which both Policies apply.
 3. If notice is mailed, proof of mailing will be sufficient proof of notice.

XVII. CONFORMANCE TO STATUTE:

Terms of this Policy, which are in conflict with the statutes, when applicable, of the State wherein this Policy is issued, are hereby amended to conform to such statutes. All other terms remain in effect.

SIGNATURE ENDORSEMENT

The Policy to which this Endorsement is attached is insured by the

GOTHAM INSURANCE COMPANY

IN WITNESS WHEREOF, The Issuing Company has caused this policy to be executed below, but this Policy shall not be valid unless countersigned by Mutual Marine Office, Inc., or by a duly authorized agent of the Company.



Secretary



President

Executed in New York

This **4th** day of **June 2009**

MUTUAL MARINE OFFICE, INC.

Attorney-in-fact for the Company designated above

By



Attached to and forming part of **Policy Number RE101872** of the Mutual Marine Office, Inc.

Mutual Marine Office, Inc.

AMENDATORY ENDORSEMENT: DEDUCTIBLE APPLICABLE TO DAMAGES AND DEFENSE COSTS

In consideration of the premium charged, it is hereby understood and agreed that III. LIMIT OF LIABILITY, SUPPLEMENTARY PAYMENTS AND DEDUCTIBLE AMOUNT:

D. (Deductible) is deleted and replaced with the following:

- D. Deductible: The Deductible stated in the Declarations shall be reduced by \$1000 for each CLAIM involving a transaction in which an accredited home inspection report was issued in connection with the subject transaction. The Deductible applies to the payment of DAMAGES and DEFENSE COSTS. The Company shall pay that part of DAMAGES and DEFENSE COSTS, which are in excess of the Deductible for each CLAIM, subject to the Limit of Liability under this Policy. If the insured fails to pay the deductible on any specific claim this policy will be void for all purposes for that claim.

All other terms and conditions remain the same.

**LIMIT OF LIABILITY AMENDATORY ENDORSEMENT:
DEFENSE COSTS EXCLUDED**

In consideration of the premium charged, it is agreed and understood that III. LIMIT OF LIABILITY, SUPPLEMENTARY PAYMENTS AND DEDUCTIBLE AMOUNT is modified as follows:

- III. LIMIT OF LIABILITY, SUPPLEMENTARY PAYMENTS AND DEDUCTIBLE AMOUNT: Paragraph A. Limit of Liability – Each CLAIM; Paragraph B. Limit of Liability – Aggregate; and Paragraph C. Supplementary Payments are deleted in their entirety and replaced by:
- A. Limit of Liability – Each CLAIM: The Limit of Liability of the Company as stated in the Declarations is applicable to DAMAGES, excluding DEFENSE COSTS, for each CLAIM and shall not exceed the amount stated in the Declarations for “Each CLAIM”.
 - B. Limit of Liability -- Aggregate: The Limit of Liability of the Company for all CLAIMS first made during each annual term of the POLICY PERIOD, excluding DEFENSE COSTS, shall not exceed the amount stated in the Declarations as "Aggregate".
 - C. Supplementary Payments: The Company will pay in addition to the applicable Limit of Liability:
 - 1. All DEFENSE COSTS as defined herein incurred by or at the direction of the Company in the defense of any CLAIM to which this insurance applies, however, the maximum amount the Company will pay for DEFENSE COSTS for each CLAIM will not exceed the Limit of Liability stated in the declarations for “Each CLAIM;” and
 - 2. Upon written request by an INSURED during the pendency of the matter involving the Hearing, trial or arbitration, \$250 for loss of earnings to each individual INSURED for each day or pro-rata for part of a day of such INSURED’s attendance at the Company’s request at a trial, hearing or arbitration proceeding involving a civil suit against such INSURED for covered DAMAGES, but the amount so payable for any one or series of trials, hearings or arbitration proceedings arising out of the same act, error, or omission or PERSONAL INJURY shall in no event exceed \$5,000.

All other terms and conditions remain unchanged.

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE:
www.insurance.ca.gov.**
- 5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.**
- 6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.**