

IOWA REAL ESTATE ERRORS & OMISSIONS INSURANCE
Rice Insurance Services Company, LLC
Administrators of the Group Program Under Agreement with the Iowa Real Estate Commission
January 1, 2009 – January 1, 2010

OPTIONAL ENDORSEMENT OVERVIEW

APPRAISAL ENDORSEMENT

In consideration of the additional premium paid to the Company for this Endorsement, it is understood and agreed that the following amendments are made to the policy:

1. Section VI. Exclusions, Item X. is deleted in its entirety.
2. Section VIII. Definitions, Item M. **Professional Services** is deleted and replaced with the following:
M. **Professional Services** means services performed by the **Licensee** as a real estate broker or salesperson as defined in Iowa Real Estate License Law, Iowa Code § 543B.6 and for which the **Licensee** is required to have a real estate license. It also means services performed by the **Licensee** as a licensed real estate appraiser.

All other provisions of the Policy remain unchanged.

FAIR HOUSING ENDORSEMENT

In consideration of the additional premium paid to the Company, it is understood and agreed that the Section VI., Exclusion I, the last paragraph is deleted in its entirety and replaced with the following:

However, the Company will pay **Damages** and **Claim Expenses** up to, but not exceeding, \$10,000 for any one **Claim** alleging the **Insured** violated Title VII of the Civil Rights Act of 1968 or the Fair Housing Amendments Act of 1988. The maximum amount payable pursuant to this Endorsement for **Damages** and **Claim Expenses** by reason of all **Claims** first made against the **Insured** and reported to the Company during the **Individual Policy Period** shall not exceed \$10,000.

All other provisions of the policy remain unchanged.

ENVIRONMENTAL ENDORSEMENT

In consideration of the additional premium paid to the Company, it is understood and agreed that the following amendments are made to the policy:

1. Section VI, Exclusion P, the last paragraph is deleted in its entirety and replaced with the following:
Notwithstanding the foregoing, the Company will pay **Damages and Claims Expenses** up to, but not exceeding, \$10,000 for any one **Claim** alleging the **Insured's** failure to detect, report or assess the effects of or advise of the existence of pollutants. The maximum amount payable pursuant to this Endorsement for **Damages and Claim Expenses** by reason of all **Claims** first made against the **Insured** and reported to the Company during the **Individual Policy Period** shall not exceed \$10,000.
2. Section VI, Exclusion Q, the last paragraph is deleted in its entirety and replaced with the following:
Notwithstanding the foregoing, the Company will pay **Damages and Claims Expenses** up to, but not exceeding, \$10,000 for any one **Claim** alleging the **Insured's** failure to detect, report or assess the effects of or advise of the existence of **Fungi** or **Microbes**. The maximum amount payable pursuant to this Endorsement for **Damages and Claim Expenses** by reason of all **Claims** first made against the **Insured** and reported to the Company during the **Individual Policy Period** shall not exceed \$10,000.

All other provisions of the policy remain unchanged.

LIMITED CLAIM EXPENSES COVERAGEREAL ESTATE REGULATORY COMPLAINTS ENDORSEMENT

In consideration of the additional premium paid to the Company, it is understood and agreed that Section IV., Supplementary Payments is amended by the addition of the following new paragraph:

The Company will pay a maximum of \$2,500 with respect to all **Claim Expenses** incurred in the handling of a complaint to a real estate regulatory board or commission as long as the complaint arises from an act, error or omission that would otherwise be covered by the policy. The Company, however, shall not pay any **Damages** arising from such complaints. The maximum amount payable during the **Individual Policy Period** for **Claim Expenses** pursuant to this Endorsement shall not exceed \$5,000 even if such complaint spans more than one **Individual Policy Period**.

All other provisions of the policy remain unchanged.

CONFORMITY ENDORSEMENT

In consideration of the additional premium paid to the Company for this Endorsement, it is understood and agreed as follows:

The terms and conditions of coverage herein shall be altered to conform to the minimum requirements established for real estate errors and omissions insurance by the State(s) listed below which have mandatory errors and omissions requirements, provided that: (1) the **Licensee** holds a current real estate license in the State(s) listed below; and (2) the negligent acts, errors or omissions arise out of the rendering of **Professional Services** in the State(s) listed below.

Applies to following State(s):

All other provisions of the policy remain unchanged.

SPECIFIED LICENSEE LIMITS OF LIABILITY AMENDATORY ENDORSEMENT

It is agreed that in consideration of the additional premium paid, the following amendment is made to the Policy but only as respects the **Licensee** named below:

The following items of the Declarations are deleted in their entirety and replaced by the following:

Item 3a \$250,000 per **Licensee** per **Claim**

Item 3b \$500,000 Aggregate per **Licensee**

Licensee _____

All other provisions of the Policy remain unchanged.

FRANCHISE ENDORSEMENT

In consideration of the additional premium paid to the Company, it is understood and agreed as follows:

In the event that the **Licensee** is affiliated with _____, then _____ meets the definition of a **Real Estate Firm** under Conditions, Section VIII Definitions, Item N. of the policy and therefore is covered under the definition of **Insured**, under Conditions, Section VIII., Definitions, Item G.4.

All other provisions of the policy remain unchanged.

OPTIONAL EXTENDED REPORTING PERIOD ENDORSEMENT

It is hereby understood and agreed that this policy is terminated with respect to **Claims** made on or after _____ (hereafter called the termination date). It is further agreed and understood that the Optional Extended Reporting Period provided under this Endorsement will begin on the termination date listed above and end on _____ (hereafter called the extension period).

In consideration of the **Licensee's** payment to the Company of the Premium of \$_____, this policy shall apply to **Claims** first made against the **Insured** and reported to the Company during the extension period and alleging, arising from, or related to negligent acts, errors or omissions committed or alleged to have been committed after the **Licensee's Retroactive Date**. The Limits of Liability shown on the Declarations are not increased by this Optional Extended Reporting Period Endorsement.

This Endorsement, once issued, cannot be canceled.

The premium for the Optional Extended Reporting Period Endorsement will be fully earned and is determined as shown below:

<u>Optional Extended Reporting Period Term</u>	<u>premium</u>
One Year	100%
Two Years	150%
Three Years	200%

All other provisions of the policy remain unchanged.

**IOWA AMENDATORY ENDORSEMENT
PRIMARY RESIDENCE COVERAGE ENDORSEMENT**

In consideration of premium paid, it is agreed that Section VI., EXCLUSIONS, Exclusion J. is deleted in its entirety and replaced with the following:

J. **Professional Services** relating to property:

1. developed or constructed by, or
2. more than 10% owned by, or
3. purchased or attempted to be purchased by

an **Insured** or by the spouse of an **Insured** or by any entity, corporation, partnership or trust in which the **Insured** or spouse of an **Insured** owns or controls more than 10% financial interest;

however, this exclusion does not apply to:

- (a) any **Claim** arising from the sale of property acquired by the **Insured** pursuant to a guaranteed sale listing contract. The guaranteed sale listing contract must be a written agreement between the **Insured** and the seller of a property in which the **Insured** agrees to purchase the property if it is not sold under the listing agreement in a specified time. For coverage to apply, the **Insured** must hold title to the property for less than one (1) year and must continually offer it for sale; or
- (b) transactions in which:
 - (i) the property is listed by an **Insured** who is not the property owner, builder or developer, and
 - (ii) the property is advertised, marketed, and promoted by an **Insured** who is not the property owner, builder or developer, and
 - (iii) all **Professional Services** related to the transaction, including the sale or closing on the property, are conducted by an **Insured** who is not the property owner, builder or developer, and
 - (iv) the transaction would otherwise be covered by this policy; or
- (c) any **Claim** arising from the sale or listing of property which is the **licensee's primary residence**, provided that the following conditions are met in connection with the sale:
 - i) A written home inspection was ordered and a copy provided to the buyer prior to closing;
 - ii) A seller disclosure form was signed by the **licensee** and acknowledged by the buyer prior to closing;
 - iii.) The **licensee's** ownership interest was disclosed and acknowledged by the buyer prior to closing;
 - iv.) A state or local board approved sales contract was used; and
 - v.) The sale or listing is performed under and subject to the real estate license laws of Iowa

It is further agreed that Section VIII, DEFINITIONS, is amended by the addition of the following new definition:

Primary Residence means a residential property of two or fewer units which serves as the principal residence of the **licensee**.

All other terms and conditions of the Policy remain unchanged.