

TENNESSEE REAL ESTATE ERRORS & OMISSIONS INSURANCE

Rice Insurance Services Company, LLC

Administrators of the Group Program Under Agreement with the Tennessee Real Estate Commission

January 1, 2009 – January 1, 2011

OPTIONAL COVERAGES AVAILABLE

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 W. is deleted in its entirety.
2. Section VIII. Definitions, Item N. **Professional Services** is deleted and replaced with the following:

Professional Services means services performed by the **Licensee** as a real estate broker, affiliate broker or timeshare salesperson as defined in Tennessee Real Estate Broker License Act, T.C.A. §62-13-101, et. seq. It also includes appraisal services performed by an **Licensee** who is licensed as a real estate appraiser as defined in the Tennessee Licensing and Certified Real Estate Appraisers Act, T.C.A. §62-39-101, et. seq.

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):

LIMITED CLAIM EXPENSES COVERAGE EARNEST MONEY DISPUTE ENDORSEMENT

In consideration of the additional premium paid to the Company, it is understood and agreed that Section VI., Exclusions, exclusions C. and M. are amended by the addition of the following new paragraph:

Notwithstanding the foregoing, and solely as respects a **Claim** alleging, arising from or related to the **Insured's** failure to pay, collect or return escrow monies or earnest money deposits, the Company will pay up to a maximum of \$2,500 per **Claim** for **Claim Expenses** only, provided that:

- (i) such **Insured** has met the requirements of the Tennessee Real Estate Broker License Act governing client funds; and
- (ii) no fraudulent, dishonest, criminal or malicious act was committed by the **Insured**.

The maximum amount payable during the **Annual Policy Term** for **Claim Expenses** shall not exceed \$5,000 under this Endorsement, regardless of the number of **Insureds** or the number of such **Claims**.

All other terms and conditions 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 COVERAGE REAL 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 **Annual Policy Term** for **Claim Expenses** pursuant to this Endorsement shall not exceed \$5,000.

All other provisions of the policy remain unchanged.

ADDITIONAL LIMITS OF LIABILITY AMENDATORY ENDORSEMENT

It is agreed that in consideration of the additional premium paid, the following amendment is made to the Policy only as respects the **Licensee** named above and only as respects a **Claim** first made against such **Licensee** and reported to the Company in writing after the effective date of this endorsement:

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 \$750,000 Aggregate per **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 O. of the policy and therefore is covered under the definition of Insured, under Conditions, Section VIII., Definitions, Item H.4.

All other provisions of the policy remain unchanged

PROPERTY MANAGEMENT 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:

A. Section VIII. Definitions is amended as follows:

1. Item N. **Professional Services** is deleted in its entirety and replaced by the following:

N. **Professional Services** means services performed by the **Licensee** as a real estate broker, affiliate broker or timeshare salesperson as defined in Tennessee Real Estate Broker License Act, T.C.A., § 62-13-101, et seq.. **Professional Services** also mean **Property Management Services** performed by the **Licensee**.

2. The following new definitions are added:

Property Management Services are the following services provided in connection with the management of commercial or residential property:

- A. development and implementation of management plans and budget;
- B. oversight of physical maintenance of property;
- C. solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
- D. development, implementation and management of loss control and risk management plans for real property;
- E. solicitation and negotiation of contracts for sale and leasing of real property;
- F. development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property
- G. personnel administration;
- H. record keeping.

Property Management Services does not include **Renovation Services** or analysis or evaluations of, or recommendations concerning, environmental hazards or exposures.

Renovation Services are the following services provided in connection with the renovation and reconstruction of commercial or residential property:

- A. management of facility renovation and reconstruction plans;
- B. development and management of renovation and reconstruction contracts and subcontracts;
- C. development of loss control and risk management plans in connection with the reconstruction or renovation.

B. Section VI. Exclusions, is amended by the addition of the following new exclusions:

- 1. the commingling, misappropriation or improper use of funds, or arising out of the gaining of any personal profit or advantage to which the **Insured** is not legally entitled;
- 2. **Property Management Services** in which any **Insured** or any company affiliated with any **Insured** was a developer, constructor or builder;
- 3. the failure to effect or maintain any insurance or bond, or to the failure to cover certain perils or to purchase an adequate amount or type of insurance;
- 4. any advice as to the future value of property;
- 5. the transfer or failure to transfer funds, monies or securities;
- 6. the formation, syndication, promotion, roll-up, operation or administration of any property syndication, real estate investment trust or any other form of corporation, general or limited partnership or joint venture;
- 7. any tax advice rendered by any **Insured**;
- 8. any **Insured** making warranties or guarantees as to the future value of any property.
- 9. 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 **Licensees** 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 **Licensees 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.