

# COMMERCIAL INSURANCE PROGRAM

## INVESTOR PROPERTY AND LIABILITY INSURANCE PROPOSAL

for

**CTX Legacy Ventures, LLC dba Real Property Management  
7616 LBJ Freeway, Suite 680  
Dallas, TX 75251**

Proposal Good To: **June 1, 2015**

*We are pleased to offer the following proposal, which should be reviewed carefully as the terms and conditions of coverage may differ from those requested on any Application for Insurance or your expiring policies. This proposal may only be bound by the insurance company subject to receipt of a request to bind with all optional coverages indicated. This proposal may be withdrawn at any time prior to binding by the insurance company. This is not a bindable proposal for insurance. This document is to be presented in its original and unaltered form.*

### **SECTION I**

#### **PROPERTY INSURANCE COVERAGE**

- COVERAGE:** Applicable to Residential (1-4 Family) locations in which the Insured has an insurable interest as owner or servicing agent on behalf of an ownership interest. No sub-limit for Other Structures (i.e. sheds, unattached garages). No vacancy limitation. No inspection requirements. Includes course of construction and rehab property.
- Commercial classes (including 5+ Family Habitational) subject to special acceptance on a case by case basis in writing.
- Business Personal Property and/or Loss of Rents to be separately reported on the monthly reporting schedule with a declared Amount of insurance.
- TERRITORY:** Unless otherwise agreed in writing, coverage shall be limited to locations in the state of Texas
- PERILS:** ISO Special Form (No Earthquake or Flood)
- FORMS:** ISO Building & Business Personal Property Coverage Form  
ISO Business Income without Extra Expense  
ISO Common Policy Declarations  
ISO Commercial Property Conditions  
ISO Vacancy Permit Endorsement  
ISO Biological and Chemical Terrorism Exclusion  
ISO Other than Certified Acts of Terrorism Exclusion  
ISO Fungus Cleanup and Removal  
ISO General Change (Reporting Guidelines)  
Refer to policy specimen for all other forms and endorsements.
- AMOUNT OF INSURANCE:** As separately reported for Dwelling, Business Personal Property & Loss of Rents at each location

**MAXIMUM LIMIT:** \$ 500,000 Per Loss Per Location

**DEDUCTIBLE:** \$ 2,500 Per Loss per Location - All perils except Tier 1 & 2 Coastal County Wind & Hail

**DEDUCTIBLE  
OPTIONS**

<u>Deductible</u>	<u>Factor</u>
\$ 2,500	1.00
\$ 5,000	0.90
\$ 10,000	0.80

**COASTAL WIND  
DEDUCTIBLE:**

5% of the Amount of Insurance or \$5,000 (Greater Of) Per Loss Per location for the perils of Wind & Hail in Tier 1 & 2 Coastal Counties.

**SETTLEMENT:**

Losses will be settled on the lesser of the following less deductible:

1. the reported Amount of Insurance; or
2. the Maximum Limit of Insurance; or
3. the cost to repair or replace damaged property; or
4. the Actual Cash Value if property not repaired or replaced within 180 days; subject to a no coinsurance penalty if properties valued to no less than \$80 per square foot. Otherwise, an eight percent (80%) coinsurance penalty shall apply.

**ANNUAL RATE:**

\$0.42 per \$100 – Residential Non-Coastal  
\$1.26 per \$100 – Tier 1 & 2 Coastal Counties

**PAYMENT TERMS:**

Payment terms to be agreed between Insured and Agent

*(Surplus Lines Tax applies in addition to premium rates shown)*

## **SECTION II**

### **SUPPLEMENTARY COVERAGES (INCLUDED)**

<b>DEBRIS REMOVAL:</b>	Included within the Amount of Insurance plus \$10,000 in addition to the Amount of Insurance
<b>INCREASED COST OF CONSTRUCTION:</b>	\$10,000 or 5% in addition to the Amount of Insurance
<b>DEMOLITION EXPENSE:</b>	\$5,000 or 10% of the Amount of Insurance (lesser of) included within the Amount of Insurance
<b>POLLUTION CLEANUP:</b>	\$10,000 in addition to the Amount of Insurance
<b>FUNGUS, WET ROT &amp; BACTERIA:</b>	\$10,000 included within the Amount of Insurance
<b>INCREASED COST OF CONSTRUCTION:</b>	\$10,000 or 5% in addition to the Amount of Insurance
<b>FIRE DEPT CHARGE:</b>	\$1,000 in addition to the Amount of Insurance
<b>FENCES, TREES, PLANTS &amp; SHRUBS:</b>	\$100 per plant, tree or shrub not to exceed \$1,000 in total; included within Amount of Insurance
<b>CONDO UNIT LOSS ASSESSMENTS:</b>	\$5,000 included within the Amount of Insurance; maximum \$1,000 for condo association insurance deductible reimbursement (ISO verbiage)

### **SUPPLEMENTARY COVERAGES (OPTIONAL)**

<b>ORDINANCE OR LAW:</b>	\$50,000 in addition to the Amount of Insurance for Coverage A (Coverage for Loss to the Undamaged Portion of the Building), Coverage B (Demolition Cost Coverage) and Coverage C (Increased Cost of Construction). Expenses must be incurred to make recovery. Replaces Increased Cost of Compliance above. Residential locations only. <i>(Optional for a \$0.03 per \$100 surcharge to all rates)</i>
<b>SEWER BACKUP:</b>	\$25,000 included within the Amount of Insurance for all locations <i>(Optional for a \$0.02 per \$100 surcharge to Section I rates).</i>

## SECTION III

### COMMERCIAL GENERAL LIABILITY INSURANCE

<b>COVERAGE:</b>	Commercial General Liability coverage to pay sums that an Insured becomes legally obligated to pay as damages as a result of "Bodily Injury" or "Property Damage" at or arising from applicable to Residential (1-4 Family) locations.  Mortgagors, tenants and independent contractors are not Insured or Additional Insureds. Property managers are Additional Insureds
<b>FORM(S):</b>	ISO Commercial General Liability Coverage Form ISO Designated Location Aggregate Endorsement ISO Limitation of Coverage to Designated Premises ISO Contractual Liability Limitation ISO Additional Insureds (to be agreed)
<b>LIMIT(S):</b>	\$ 2,000,000 General Aggregate (Per Location) \$ 1,000,000 Occurrence \$ 1,000,000 Personal & Advertising Injury \$ 2,000,000 Products & Completed Operations Aggregate \$ 1,000,000 Damage to Premises Rented to You \$ 10,000 Medical Payments
<b>EXCLUSIONS:</b>	ISO Employment Related Practices Exclusion ISO Total Pollution Exclusion with Hostile Fire & HVAC Exception ISO War and Terrorism Exclusion ISO Fungus & Bacteria Exclusion ISO Financial Services Exclusion ISO Nuclear Energy Liability Exclusion Endorsement ISO Nuclear, Chemical and Biological Terrorism Punitive Damages Exclusion Asbestos and Lead Exclusion
<b>DEDUCTIBLE:</b>	\$0
<b>ANNUAL RATE:</b>	\$80.00 per Residential (1-4 family) dwelling
<b>PAYMENT TERMS:</b>	Payment terms to be agreed between Insured and Agent  <i>(Surplus Lines Tax applies in addition to premium rates shown)</i>

## **SECTION IV**

### **GENERAL POLICY TERMS AND CONDITIONS**

1. Within fifteen (15) days of the end of each monthly Reporting Period, the Named Insured or their representative shall report requests for additions to and deletions from the Reporting Schedule. For each addition or deletion, the Named Insured will endeavor to provide the following information:
  - a. Effective Date and/or Expiration Date (not to exceed 365 days)
  - b. Coverage Type (Property, Loss of Rents, Business Personal Property, Liability)
  - c. Amount of Insurance
  - d. Property Street Address, City, State and Zip Code
  - e. Premium due and payable for each location and Coverage Type

Premium shall be due and payable within thirty (30) days after the end of each reporting month. Coverage will not be effective unless the appropriate premium has been paid. Payment of premium will be in accordance with the Reporting Schedule. Premium reports will be transmitted directly from the Insured to the Agent using the electronic reporting format as mutually agreed.

2. Coverage applies to those Residential (1-4 Family) dwellings reported on the monthly Reporting Schedule with an insurable value less than \$1,000,000. Risks outside of these parameters may be submitted to the Agent of the Insurer for individual quotation.
3. This policy does not afford a blanket limit to multiple locations. Each location must be separately declared for an Amount of Insurance. In the event of multiple locations securing a single mortgage agreement, each property must be separately declared for an Amount of Insurance. Failure to declare separate Amounts of insurance will result in a proration of the Amount of Insurance between locations based upon the value of each location. In the event that the Replacement Cost Value of any described location exceeds the Maximum Allowable Value under the policy, claims arising from such locations shall be reduced proportionately based upon the Maximum Allowable Value divided by the Actual Replacement Cost Value.
4. No mortgage holder, mortgagee, lienholder or loss payee interest ("mortgage holder") has been provided for one or more of the locations on the initial schedule of property locations. The Insured has a duty to disclose all mortgage holder interests. The mortgage holders interest will not be protected unless it is properly disclosed. You may be asked to confirm the status of mortgage holders prior to any claim payment under this policy. Any claim payments may be made jointly to the Insured and any known Mortgage Holder
5. Any optional coverages must be elected prior to binding. This proposal may not be reflective of all terms and conditions of the Insurer's policy. Refer to the policy for actual terms and conditions.
6. Acceptance of coverage for federally certified acts of terrorism (excluding nuclear, chemical or biological) is subject to a 1% surcharge to the property rates shown in Section I. Coverage must be accepted at policy inception. Failure to return the Offer of Terrorism, attached to and made a part of this quotation, shall be deemed a declination of the optional Terrorism coverage.
7. Unless agreed in writing by the Insurer, the coverage territory is the state of Texas.
8. Tier 1 & 2 Coastal Counties defined as: Aransas, Austin, Bee, Brazoria, Brazos, Brewster, Brooks, Calhoun, Cameron, Chambers, Colorado, Dewitt, Duval, Fort Bend, Galveston, Goliad, Hardin, Harris, Hidalgo, Jackson, Jasper, Jefferson, Jim Wells, Jim Hogg, Karnes, Kenedy, Kleberg, Lavaca, Liberty, Live Oak, Matagorda, Montgomery, Newton, Nueces, Orange, Polk, Refugio, San Jacinto, San Patricio, Starr, Tyler, Victoria, Waller, Wharton Willacy
9. Optional coverages must be elected prior to binding the policy. This proposal may not be reflective of all terms and conditions of the Insurer's policy. Refer to the policy for actual terms and conditions.

**APPLICANT / POLICYHOLDER DISCLOSURE  
OFFER OF TERRORISM COVERAGE**

In conjunction with any quotation or renewal of coverage for Mortgage Protection Insurance, Great American is obligated to make this offer to you.

The Terrorism Risk Insurance Program Reauthorization Act of 2007 (the Act) establishes a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an Act of Terrorism. The Act provides that, to be certified, an Act of Terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals as part of an effort to coerce the government or population of the United States.

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

The Terrorism Risk Insurance Act, as amended in 2007, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

In accordance with the Terrorism Risk Insurance Act, we are required to offer you coverage for losses resulting from an act of terrorism that is certified under federal program as an Act of Terrorism. All other provisions of this policy will still apply to such an act. That is, a loss will not be excluded or covered just because it was caused by an Act of Terrorism.

See the section of this Notice titled **SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**. If you choose to accept this offer of coverage, your premium will include the additional premium for Terrorism as stated in this disclosure.

Failure to pay the premium(s) by the due date(s) will constitute rejection of the offer and your policy will automatically exclude the described coverage. If elected, terrorism coverage extended under the policy would not cover terrorist acts wherein loss or damage was caused by or resulted from the detonation, release, dispersal of any chemical, biological or nuclear weapon, substance or agent. All other terms and conditions of the policy remain unchanged.

**SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**

\_\_\_\_\_ **I hereby elect to purchase Terrorism coverage for Acts of Terrorism** that are certified under the Terrorism Risk Insurance Program Reauthorization Act of 2007 as an Act of Terrorism for a premium surcharge of one percent (1%). I understand that if the quoted terrorism premium is not included within my customary premium payment when due, an exclusion for federally certified acts of terrorism will be made a part of this policy.

\_\_\_\_\_ **I hereby reject the offer of terrorism coverage.** I understand that an exclusion for federally certified acts of terrorism will be made part of this policy.

Applicant / Policyholder Name (Please Print)	Date
Signature	Title

on behalf of and as a duly authorized Officer or Representative of the Applicant/Policyholder