

International Placement Services, Inc.

101 S. Hanley Rd., Ste 700

St. Louis, MO 63105

REAL ESTATE RELATED SERVICES PROFESSIONAL LIABILITY INSURANCE APPLICATION

NOTICE: This is an application for **CLAIMS MADE INSURANCE**. Such insurance, if accepted by the Company, applies only to claims first made against the Insured and reported to the Company during the Policy Period and may additionally limit coverage applicable to negligent acts, committed prior to the inception of the Policy Period.

- A. Please answer all the questions. The information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to that evaluation.
- B. If a question is not applicable, state N/A. If more space is required to answer a question please attach exhibit with question number.
- C. The application must be signed and dated by a principal, partner, or officer of the firm.
- D. PLEASE ATTACH THE FOLLOWING:
 - Brochure, advertisements, or other descriptive literature about the firm, its operations and services.
 - Recent annual and quarterly financial statements, if a publicly traded corporation include Form 10K.
 - Copy of standard listing used with clients for brokerage services.
 - Copy of standard contract and engagement/proposal letter used with clients for Property Management Services.
 - Biographical sketches of principals, officers, and professional staff (except employees whose sales are 95% or more residential).

1. a. Name and Address of Applicant Firm:

b. Year Business was Established: _____

c. Contact at Applicant Firm: _____

Title of Contact: _____

Phone Number: _____

2. List all states where the Applicant operates and is licensed to operate:

3. Is coverage desired for subsidiaries of the Applicant? Yes No If yes, complete the following:

Name of Subsidiary	Date Created/ Acquired	Ownership % (by Applicant)	Professional Services Provided
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4. Applicant is a(n):

- Individual Partnership Corporation
 Franchisee Independent Contractor Other

5. a. Please complete the following:

Note: All Principals and staff should be included only once

	Number Full-Time	Number Part-Time	Number Inactive
Principals, Partners, Directors & Officers	_____	_____	_____
Licensed Real Estate Agents and Brokers (including independent contractors)	_____	_____	_____
Property Management Staff	_____	_____	_____
Real Estate Appraisers	_____	_____	_____
Real Estate Counselors/Consultants	_____	_____	_____
All other employees	_____	_____	_____

Name of all Partners, Principals & Key employees	Professional Qualifications/ Designations/ Licenses	# of Years in Practice/ Licensed	# of Years with Applicant
_____	_____	_____	_____
_____	_____	_____	_____

b. Has the Applicant or any of its principals, partners, officers or directors, or licensed salespersons or professionals ever had his or her license revoked or suspended? Yes No, Has the Applicant been subject to any other disciplinary action by a regulatory agency? Yes No If yes, please explain.

d. For each of the last three years, what percentage of Applicant's designated staff left ?

Independent contractors	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Senior staff or principals	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

6. a. Is Applicant owned, in whole or in part, by another firm? Yes No If yes, provide the name of the firm and the percentage of Applicant owned by the other firm.

b. Does the Applicant provide any professional services to the firm? Yes No If yes, list professional services provided.

7. Does any director, officer, employee, or partner of the Applicant serve on the Board of Directors of or is a partner in any client of the Applicant, or potential client of the Applicant? Yes No If yes, identify the relationship.

8. a. Indicate Applicant's revenues derived from the professional services listed below.

	Actual Revenues (Past 12 mos.)	Estimated Revenues (Next 12 mos.)
A. Asset Management or Mall Management	\$ <input type="text"/>	\$ <input type="text"/>
B. Construction Management	\$ <input type="text"/>	\$ <input type="text"/>
C. Real Estate Development or Construction	\$ <input type="text"/>	\$ <input type="text"/>
D. Syndication or Management of Limited or General Partnerships for Investment	\$ <input type="text"/>	\$ <input type="text"/>
E. Real Estate Consulting for a fee	\$ <input type="text"/>	\$ <input type="text"/>
F. Property/Casualty Insurance Sales	\$ <input type="text"/>	\$ <input type="text"/>
G. Home Inspection Services for a fee	\$ <input type="text"/>	\$ <input type="text"/>
H. Mortgage Broker	\$ <input type="text"/>	\$ <input type="text"/>
I. Mortgage Banker	\$ <input type="text"/>	\$ <input type="text"/>
J. Registered Investment Adviser	\$ <input type="text"/>	\$ <input type="text"/>
K. Insurance Agent/Broker	\$ <input type="text"/>	\$ <input type="text"/>
L. Escrow Agent	\$ <input type="text"/>	\$ <input type="text"/>

b. Indicate Applicant's revenues derived from real estate services (before commission splits with in house agents) listed below.

	# of Units	Actual Revenues (Past 12 mos.)	Estimated Revenues (Next 12 mos.)
A. Residential Sales	_____	\$ _____	\$ _____
B. Residential Sales as exclusive broker for subdivision or housing development	_____	\$ _____	\$ _____
C. Farm or Ranch Sales	_____	\$ _____	\$ _____
D. Commercial, Industrial or Income Property Sales	_____	\$ _____	\$ _____
E. Real Estate Leasing (property not managed)	_____	\$ _____	\$ _____
F. Real Estate Consulting	_____	\$ _____	\$ _____
G. Real Estate Appraisals	_____	\$ _____	\$ _____
H. Property Management	_____	\$ _____	\$ _____
I. Other _____	_____	\$ _____	\$ _____

c. Provide percentages of brokerage revenue as :

Listing agent	_____ %
Selling agent	_____ %
Buyer's broker	_____ %

9. a. Does the Applicant use local board, state association or other approved contract forms?
 ___ Yes ___ No If no, how were contracts developed ?

b. Is an Agency Disclosure form explaining for whom the broker is working provided to each client?
 ___ Yes ___ No If yes, does the form require client's written acknowledgment? ___ Yes ___ No

10. a. Indicate the percentage of Applicant's residential properties sold in past 12 months that included a home protection or warranty program provided/sold either directly or indirectly by the Applicant.
 _____ % Is the Applicant appropriately licensed to provide such warranties? ___ Yes ___ No

11. List the Applicant's five largest sales/leases in the past five years

<u>Property Description</u>	<u>Value</u>	<u>Income to Applicant</u>
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

12. a. Does the Applicant have risk management procedures in place? Yes No If yes, please describe.

b. Does the Applicant have a formalized training program for newly hired employees? Yes No If yes, who provides this training and what is their background and training in this area?

c. Does the Applicant have a written procedural manual instructing employees of Applicant's code of ethics policies, listing taking and purchased and sale agreement completion procedures? Yes No If yes, please provide a copy of Applicant's code of ethics policy.

d. Describe the Applicant's procedures for resolving disputes with clients over fees or charges should they arise:

13. Does the Applicant render any services to the Resolution Trust Corporation? Yes No
 If yes, please state the income the Applicant received from such services in the past year. \$ _____
 Please state the amount of income expected in the next 12 months \$ _____

14. Have any lawsuits or claims been made against the Applicant, its predecessors, subsidiaries, partners, officers, brokers, or employees during the last 5 years? Yes No If yes, attach exhibit(s) giving (a) date and description of claim, (b) present status, (c) amount of defense expense and liability paid, if closed, (d) amount reserved for defense expenses and liability, if file not closed.

23. After inquiry, is Applicant or its partners, officers, brokers, employees, or subsidiaries aware of any actual or alleged errors, omissions, offenses, or circumstances which may reasonably be expected to result in a claim being made against the Applicant or any proposed Insured person or entity? Yes No If yes, please attach exhibit with details.

24. List any similar insurance carried during the past five years. If none check here: _____ NONE

	Policy Period	Insurer	Claims made	Limit	Deductible	Premium
			coverage? Yes or No			
a.						
b.						
c.						
d.						
e.						

25. Has any application for similar insurance made on behalf of the Applicant or any of its predecessors in business been declined or has any such insurance ever been rescinded, canceled or has renewal been refused? ____ Yes ____ No

26. Limit of Liability desired: (same limit would apply to "each claim" and annual aggregate for all claims)
____ \$1,000,000 ____ \$2,000,000 ____ \$5,000,000 ____ \$10,000,000 Other \$ _____

Deductible desired: \$ _____ each claim

THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY, NOR DOES IT OBLIGATE THE COMPANY TO ISSUE A POLICY OR INSURE ANY SERVICES. HOWEVER, IT IS AGREED THAT SHOULD A POLICY BE ISSUED, THIS APPLICATION WILL BE ATTACHED TO AND MADE A PART OF THE POLICY.

NOTICE: THE LIMIT OF LIABILITY IN THE POLICY, IF ISSUED, MAY BE REDUCED OR COMPLETELY EXHAUSTED BY CLAIM EXPENSES AND DAMAGES. IN SUCH EVENT, THE COMPANY SHALL NOT BE LIABLE FOR ANY JUDGMENT, SETTLEMENT OR CLAIM EXPENSES WHICH ARE IN EXCESS OF THE LIMITS OF LIABILITY STATE ON THE DECLARATIONS PAGE OF POLICY.

THE DEDUCTIBLE IN THE POLICY, IF ISSUED, APPLIES TO CLAIM EXPENSE AS WELL AS TO JUDGMENTS AND SETTLEMENTS.

THE UNDERSIGNED(S) CERTIFIES THAT HE/SHE IS THE DULY AUTHORIZED REPRESENTATIVE(S) OF EACH PROPOSED INSURED WHICH SUBMITS THIS APPLICATION TO THE STEADFAST INSURANCE COMPANY FOR A POLICY OF INSURANCE. THE STATEMENTS AND INFORMATION ABOVE AND ALL SCHEDULES AND DOCUMENTS SUBMITTED, OF WHICH THE UNDERWRITER RECEIVES NOTICE, ARE DEEMED PARTS OF THE APPLICATION (ALL OF WHICH SCHEDULES AND DOCUMENTS SHALL BE DEEMED ATTACHED TO THE POLICY AS IF PHYSICALLY ATTACHED THERETO), AND THE WORD "APPLICATION" REFERS TO ALL OF THE FOREGOING.

EACH PROPOSED INSURED REPRESENTS THAT THE STATEMENTS SET FORTH IN THE APPLICATION ARE TRUE AND CORRECT, AND THAT REASONABLE EFFORTS HAVE BEEN MADE TO OBTAIN INFORMATION SUFFICIENT FOR ACCURATE COMPLETION OF THIS APPLICATION. IT IS FURTHER AGREED BY EACH PROPOSED INSURED THAT EACH POLICY OR RENEWAL THEREOF, IF ISSUED, IS ISSUED IN RELIANCE UPON THE TRUTH OF THE REPRESENTATIONS AND INFORMATION IN THE APPLICATION.

EACH PROPOSED INSURED UNDERSTANDS AND AGREES THAT ANY INSURANCE POLICY ISSUED BY THE COMPANY SHALL BE SUBJECT TO RESCISSION IF THIS APPLICATION CONTAINS ONE OR MORE MISREPRESENTATIONS OR OMISSIONS DEEMED BY THE COMPANY TO BE MATERIAL TO THE ACCEPTANCE OF THE RISK.

IF THE INFORMATION SUPPLIED ON THIS APPLICATION OR ATTACHMENTS THERETO CHANGES BETWEEN THE DATE OF THIS APPLICATION AND THE INCEPTION DATE OF THE POLICY, THE APPLICANT WILL IMMEDIATELY NOTIFY THE COMPANY OF SUCH CHANGES.

SIGNED BY AUTHORIZED OFFICER, PARTNER OR PRINCIPAL

DATE

PROPERTY MANAGEMENT SCHEDULE
(complete only if applicable)

1. a. Does Applicant have written contracts or agreements with each Property Management client?

- b. If not, what percent of time are contracts not used? _____ %
- c. Explain why contracts are not used in such instances

Do the Applicant's contracts contain:	YES	NO
d. Hold harmless or indemnity agreements inuring to Applicant's benefit?	_____	_____
e. Hold harmless or indemnity agreements inuring to the benefit of Applicant's clients?	_____	_____
f. Guarantees or warranties?	_____	_____
g. A specific description of the services Applicant will provide to client?	_____	_____
h. Clauses defining the responsibilities of each party?	_____	_____
i. Clauses limiting the liability of the Applicant?	_____	_____
j. Clauses authorizing Applicant to make repairs up to a dollar limit without owner's approval	_____	_____
k. Clauses authorizing Applicant to select vendors to provide services to property? If so, are competitive quotes obtained? Are selected vendors required to carry Errors and Omissions Insurance?	_____ _____ _____	_____ _____ _____
l. Clauses requiring licensed tradesmen to be used when making plumbing and/or electrical repairs	_____	_____

2. Breakdown of Properties Managed for the past year	# of Units or Square Feet	Gross Property Mgt. Income
a. 1-4 Family Residential	_____	\$ _____
b. Apartments	_____	\$ _____
c. Office Buildings	_____	\$ _____
d. Shopping Centers	_____	\$ _____
e. Malls	_____	\$ _____
f. Other Commercials	_____	\$ _____
g. Other (describe)	_____	\$ _____

PROPERTY MANAGEMENT SCHEDULE

h. Are management fees based on:

Rent collected	_____	% of total revenue of Applicant
Net Operating Income	_____	%
Repair Cost	_____	%
Profit on sale of property	_____	%
Other (please explain)	_____	%
Total Revenue		100 % of Applicant's revenue

i. Please provide percentage of total residential units managed the following categories represent :

Luxury	_____	%
Middle Income, "Blue Collar"	_____	%
Low Income/Subsidized	_____	%

j. Do any managed buildings have building code or minimum housing code violations outstanding?

_____ If "Yes", please provide percentage of buildings managed that have violations outstanding : _____%

3. Is Applicant or any principal a Certified Property Manager? _____
4. Does the Applicant prepare a budget for each property managed? _____. If "Yes", is the budget reviewed with owner and owner's approval required? _____
5. Is an application required of all prospective tenants? _____. If "No", please explain. If "Yes", is employment/income verified? _____. Is a credit report obtained for each prospective tenant? _____
6. Does the Applicant assume responsibility for maintaining insurance coverage on property managed? _____
7. Are all managed properties insured for comprehensive general liability with limits of at least \$1 million? _____
8. Are certificates of insurance obtained on all properties? _____
9.
 - a. Is the Applicant responsible for security and safety precautions at managed properties? _____
 - b. Is there a written policy regarding who has access to, and use of, the client's keys to managed property? _____

PROPERTY MANAGEMENT SCHEDULE

- 10 a. Does Applicant have written procedures for reporting to the owners, building code violations, potential hazardous waste conditions/contamination, and suggested preventative maintenance repairs, legal threats and claims against the owners? _____
- b. Is there a written checklist provided to each Property Manager for each property that manager is responsible for indicating what must be done and by when to comply with Applicant's management agreement with client? _____
- 11. As Property Manager is Applicant responsible on behalf of the owners for :
 - a. Enforcing lease agreements? _____ If "Yes", does an outside attorney handle evictions? _____
 - b. Paying for Utilities and other services? _____
 - c. Paying tax bills? _____
 - d. Maintaining records and accounts of all transactions involving a building's operations? _____
 - e. Are escrow accounts set up for each client or are all funds held in one escrow account? _____
 - f. Are the records and accounts of all transactions involving a buildings operation audited by an outside firm? _____
 - g. Are on-site managers used? _____. If "Yes", are they bonded ? _____
- 12. Does Applicant, or any of its subsidiaries or affiliates, perform any property management, appraisal or other services for, or in relation to, any employee benefit plan or trust? _____

APPRAISAL SERVICES SCHEDULE

(complete only if applicable)

1. Does Applicant have written contracts or agreements with each appraisal client? _____

2. Breakdown of real estate appraised by the Applicant during the past fiscal year:

	<u>Number of Appraisals</u>	<u>Appraisal Fees</u>
A. Single Family Dwellings	_____	\$ _____
B. Personal Property	_____	\$ _____
C. Commercial Property	_____	\$ _____
D. Industrial Property	_____	\$ _____
E. Apartments	_____	\$ _____
F. Farms and Ranches	_____	\$ _____
G. Land	_____	\$ _____
H. Other(describe)	_____	\$ _____

3. Breakdown of appraisal clients

- a. Seller _____ %
- b. Prospective Buyer _____ %
- c. Owner (for purposes other than sale) _____ %
- d. Lender/Depository Financial Institutions _____ %
- e. Estate and/or tax purpose _____ %
- f. Developer _____ %
- g. Investors/Syndicates _____ %
- h. Employee Benefit Plans/Trusts _____ %
- i. Private Lenders/Non--Depository Lenders _____ %
- j. Other (Describe) _____ % _____

APPRAISAL SERVICES SCHEDULE

4. Applicant's appraisal procedures :

a. Does Applicant's appraisals always include:

- 1. The name of your customers? _____
- 2. A Statement of the purpose of the appraisal? _____
- 3. A definition of the value estimated? _____
- 4 A summary of the facts upon which the appraisal is based? _____
- 5. A statement of the conclusions reached, and any qualifications or limitations? _____
- 6. A statement of the assumptions and conditions? _____
- 7. A statement that the appraiser does not have (or does have) a present or future interest in the property and, if so, is there a full disclosure made ? _____
- 8. Photographs of the property? _____
- 9. A running in favor of the Applicant? _____

b. Are firms appraisal fees ever based on the appraised value of property? _____

c. How many certified appraisers does Applicant have? _____