



GREAT AMERICAN CUSTOM INSURANCE SERVICES, INC.
725 S. Figueroa Street, 34th Floor, Los Angeles, CA 90017
P.O. Box 1359, North Massapequa, NY 11758

**REAL ESTATE RELATED SERVICES ERRORS AND OMISSIONS
RENEWAL APPLICATION (VERSION 2/03)**

This is an application for a “claims made and reported” policy. If a policy is issued, this application will attach to and become part of the policy. Please answer all questions. In addition, please supply the following:

1. Descriptive or promotional brochures, firm resumes, marketing materials or literature (if the Applicant’s operations have changed over the past 12 months).
2. Resumes of all new principals, partners, officers and professional employees hired over the past 12 months
3. Standard contract or engagement letter used with clients if they have been revised over the past 12 months.
4. Standard contract used with independent contractors and subcontractors if they have been revised over the past 12 months.
5. Latest fiscal year ended and current interim financial statements for all entities proposed for coverage.

A. PROPOSED APPLICANT

1. Applicant*: _____

(* Please list all entities for which coverage is desired)

2. Name of individual designated to accept all notices on behalf of the Applicant: _____

3. (a) Principal Business Address: _____

City: _____ State: _____ Zip Code: _____

(b) Does the Applicant maintain any additional locations? Yes No
(Please provide the addresses of all additional locations on an attachment)

4. Business Phone: _____ Business FAX: _____

5. Business Web site address: _____

6. (a) Is the Applicant owned, controlled by or affiliated with any other entity not shown in A.1.? Yes No

(b) Does the Applicant own, control or manage any other entity not shown in A.1.? Yes No

(If the answer is “yes” to 6 (a) or 6 (b), please provide details on an attachment)

7. (a) Over the past 12 months, has the Applicant been a successor-in-interest to any predecessor firm or been involved in any merger, acquisition, consolidation, divestiture, bankruptcy or dissolution?
 Yes No

(If yes, please attach details)

- (b) Does the Applicant have any plans within the next 12 months for any acquisition, divestiture, consolidation, merger, divestiture, bankruptcy or dissolution involving any Applicant?
 Yes No

(If yes, please attach details)

B. COVERAGE REQUESTED

1. Effective Date Requested: _____
2. Limits Desired: \$1,000,000 \$2,000,000 \$3,000,000 Other _____
3. Self Insured Retentions: each claim
 \$5,000 \$10,000 \$15,000 \$25,000 \$50,000 Other _____

C. BUSINESS ACTIVITY

1. (a) Please indicate which of the following activities the Applicant has performed in the past 12 months or intends to perform in the next 18 months (Check all that apply):

- | | |
|---|--|
| <input type="checkbox"/> Asset Management | <input type="checkbox"/> Commercial Property Management |
| <input type="checkbox"/> Auctioneering | <input type="checkbox"/> Residential Property Management |
| <input type="checkbox"/> Appraisals | <input type="checkbox"/> Real Estate Development |
| <input type="checkbox"/> Construction Management | <input type="checkbox"/> Real Estate Consulting |
| <input type="checkbox"/> Other Construction Services | <input type="checkbox"/> Sale of Commercial Property |
| <input type="checkbox"/> Escrow | <input type="checkbox"/> Sale of Residential Property |
| <input type="checkbox"/> Facility Property Management | <input type="checkbox"/> Sale of Industrial/Income Producing |
| <input type="checkbox"/> Foreclosures | <input type="checkbox"/> Title Services |
| <input type="checkbox"/> Mortgage Banking | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Mortgage Brokering | |
| <input type="checkbox"/> Leasing | |

Attach an additional sheet, if necessary

- (b) During the past 12 months, has the Applicant been engaged in any services or business activity other than those indicated in C.1.(a) above
 Yes No

- (c) Does the Applicant have any plans to engage in any services or business activity other than those indicated in C.1.(a)
 Yes No

2. (a) Please provide the gross revenues for the next 12 months and for the latest fiscal year end derived from those services indicated in C.1.(a):

Fiscal Year End
(Mo/Day/Yr)
 Next 12 months \$ _____ (Projected)
 ___/___/___ \$ _____

(b) Please provide the projected gross revenues for the next 12 months and the actual gross revenues for the most recent fiscal year ended arising out of the rendering of the following services:

<u>Services</u>	<u>Next 12 Months</u>	<u>Most Recent Fiscal Year Ended</u>
Asset Management	\$ _____	\$ _____
Auctioneering	\$ _____	\$ _____
Appraisals	\$ _____	\$ _____
Construction Management	\$ _____	\$ _____
Other Construction Services	\$ _____	\$ _____
Escrow	\$ _____	\$ _____
Facility Management	\$ _____	\$ _____
Foreclosures	\$ _____	\$ _____
Mortgage Banking	\$ _____	\$ _____
Mortgage Brokering	\$ _____	\$ _____
Leasing	\$ _____	\$ _____
Commercial Property Management	\$ _____	\$ _____
Residential Property Management	\$ _____	\$ _____
Real Estate Development	\$ _____	\$ _____
Real Estate Consulting	\$ _____	\$ _____
Sale of Commercial Property	\$ _____	\$ _____
Sale of Residential Property	\$ _____	\$ _____
Sale of Industrial or Income Producing Property	\$ _____	\$ _____
Title Services	\$ _____	\$ _____
The formation, management or organization of group investments or syndications (including limited partnerships, general partnerships or REITs)	\$ _____	\$ _____
Other (specify on an attachment)	\$ _____	\$ _____

(c) For the Applicant's gross revenues projected for the next 12 months, please indicate the percentage of: Commercial transactions ____% Residential transactions ____%

(d) Average value of transactions completed during the past 12 months: \$ _____

(e) Value of the largest transaction completed during the past 12 months: \$ _____

(f) Total number of transactions completed during the past 12 months: _____

(g) Total revenues derived from a typical transaction: \$ _____

(h) What is the dollar amount of the Applicant's authority for capital improvements, repairs, ...?
\$ _____

3. What percentage of the applicant's business involves subcontracting work to others? _____%

4. (a) Over the past 12 months, have there been any changes in the Applicant's principals, partners, directors, officers, majority owners and key employees? Yes No
(If yes, please attach details)

5. (a) During the past 12 months, has any of the Applicant's principals, partners, directors, officers, professional employees or independent contractors been engaged to provide professional services for or in connection with any entity or any real property in which he, she or the Applicant had an ownership or financial interest: Yes No

(If yes, please provide details on a separate sheet)

- (b) Does any of the Applicant's principals, partners, directors, officers, professional employees or independent contractors have any plans to provide professional services for or in connection with any entity or any real property in which he, she or the Applicant has an ownership or financial interest: Yes No

(If yes, please provide details on a separate sheet)

D. CLAIMS EXPERIENCE

1. Have any claims or suits (including without limitation: any shareholder action or derivative suit; or any civil, criminal, or regulatory action, or any complaint, investigation or proceeding related thereto) been made during the past 12 months against: (a) the Applicant; (b) its predecessors in business; (c) any subsidiary or affiliate of the Applicant; (d) any other entity proposed for coverage; or (e) any past or present partners, directors, officers, or employees of the Applicant, its predecessors in business, any subsidiary or affiliate of the Applicant, or any other entity proposed for coverage **which have not been previously reported to the Insurer?** Yes No

2. Is the Applicant (after proper inquiry of each director, officer or partner of the Applicant) aware of any circumstances, incidents, situation, or accidents (including without limitation: shareholder action or derivative suit; or any civil, criminal, or regulatory action, or any complaint, investigation or proceeding related thereto) that may result in a claim being made against: (a) the Applicant; (b) its predecessors in business; (c) any subsidiary or affiliate of the Applicant; (d) any other entity proposed for coverage; or (e) any past or present partners, directors, officers, or employees of the Applicant, its predecessors in business, any subsidiary or affiliate of the Applicant, or any other entity proposed for coverage **which have not been previously reported to the Insurer?** Yes No

3. Is the Applicant (or any director, officer, partner or employee of the Applicant, or any other proposed insured) been involved during the past 12 months in any disputes with respect to fees or other compensation which may be due for services/products provided by the Applicant? Yes No

4. Is the Applicant (or any director, officer, partner or employee of the Applicant, or any other proposed insured) aware of any actual or alleged deficiencies, errors or omissions in work performed by the Applicant or by others for whom the Applicant is legally responsible? Yes No

5. Over the past 12 months, have any of the Applicant's principals, partners, officers, employees, independent contractors or any other prospective insured been the subject of a reprimand, disciplinary or criminal action by any association, state licensing board or any federal, state or local authorities? Yes No

(If yes, please attach details)

It is agreed that any claim or lawsuit against the Applicant, any director, officer, partner or employee of the Applicant, or any other proposed insured, arising from any facts, circumstances, acts, errors or omissions disclosed or required to be disclosed in response to questions D. 1., D. 2., D.3., D.4. and D.5. above, is hereby expressly excluded from coverage under the proposed insurance policy.

NOTICE TO APPLICANT – PLEASE READ CAREFULLY

Warranty:

It is hereby Understood and Agreed, after proper inquiry of each director, officer, partner, or employee of the Applicant or any other proposed insured, that this application and its representations and warranties shall be deemed to be submitted by or on behalf of and be binding upon the Applicant and each and every proposed insured under the policy. It is further agreed that any misrepresentation, non-disclosure, concealment, or breach of warranty in this application shall be binding upon the Applicant and each and every proposed insured under the policy whether or not the proposed insured knew of, committed, or was responsible for such misrepresentation, non-disclosure, concealment, or breach of warranty.

We hereby authorize the release of claim information from any prior insurer to the Insurer.

We understand and accept that the policy applied for provides coverage on a claims made and reported basis for only those claims that are first made against the Applicant and reported in writing to the Insurer during the policy, that the limits of liability of the policy will include both Damages and Defense Expenses, and that the Insurer will rely upon the truth of the information and statements in this application in deciding whether to issue a policy to the Applicant.

The Applicant agrees that if the information supplied on or attached to this application changes between the time this application is executed and the time that the proposed insurance policy is bound or coverage commenced, the Applicant will immediately notify the Insurer in writing of such changes; and the Insurer fully reserves its rights with respect to the underwriting acceptance or denial of such changes.

Signing this form does not bind the Applicant or the Insurer to complete this insurance, but this application shall be basis of the insurance should a policy be bound and issued, and shall become part of the policy. The application must be signed to be considered for quotation.

Must be signed and dated by owner, partner or senior officer.

Applicant Signature

Date

Print or Type Name

Title



GREAT AMERICAN CUSTOM INSURANCE SERVICES

REAL ESTATE RELATED SERVICES RISK MANAGEMENT SUPPLEMENT

1. Applicant*: _____

(* Please list all entities for which coverage is desired)

2. Does the Applicant have a formal training program for personnel? Yes No

3. (a) Does the Applicant have written Quality Assurance/Risk Management procedures to avoid or mitigate their exposure to errors & omissions claims arising out of their performance of professional services? Yes No

If "yes", do the procedures ensure:

(b) Complaints are escalated to Applicant's senior management and they are resolved in a timely manner? Yes No

(c) The conflicts of interest of the Applicant and the Applicant's principals, partners, directors, officers, professional employees or independent contractors are fully disclosed and understood by all parties to "dual agency" transactions? Yes No

(d) The conflicts of interest of the Applicant and the Applicant's principals, partners, directors, officers, professional employees or independent contractors are fully disclosed and understood by all parties to transactions involving properties owned by the Applicant and the Applicant's principals, partners, directors, officers, professional employees or independent contractors? Yes No

(e) The Applicant and the Applicant's principals, partners, directors, officers, professional employees or independent contractors comply with title VIII of the Civil Rights Act, the Fair Housing Amendment Act and other similar statutes? Yes No

(f) All pollution exposures are disclosed in connection with the sale, leasing or property management of properties by or on behalf of the Applicant? Yes No

6. Does the Applicant require standardized file construction for all transaction files? Yes No

7. Does the Applicant always require the use of closing document checklists? Yes No

8. Does the Applicant always require the use of all applicable state required disclosure forms? Yes No

9. Does the Applicant employ legal counsel with expertise in real estate law to review contracts, disclosure forms and handle compliance matters? Yes No

10. Does the Applicant require that their agents, property managers or leasing agents perform physical inspections on properties sold, managed or leased by or on behalf of the Applicant?

Yes No

11. Does the Applicant have network security management procedures, systems or software to prevent the spread of computer viruses through and the unauthorized access to computer networks or servers that the Applicant owns, controls or operates? Yes No

12. If coverage is desired for property management activities, please answer questions 12. (a) through (g)

(a) Are credit reports obtained on all prospective tenants? Yes No

(b) Are budgets prepared for each property managed? Yes No

(c) Is the Applicant responsible for negotiating, effecting or maintaining insurance coverage on properties managed? Yes No

(d) Have all properties been insured for comprehensive general liability with limits of liability of _____ at least \$1,000,000 and without interruption since the Applicant assumed responsibility for managing them? Yes
 No

(e) Have all properties been insured for property insurance to the value of the property and without interruption since the Applicant assumed responsibility for managing them? Yes No

(f) Does the Applicant have written procedures to ensure that all properties managed by the Applicant are safe, secure and maintained according to clients' and tenants' specifications and standards? Yes No

(g) What is the dollar amount of the Applicant's authority for capital improvements, repairs, ...? \$ _____

13. If coverage desired for mortgage brokering or banking activities, please answer questions 13. (a) through (d))

(a) Does the Applicant have written procedures to ensure that the Applicant and the Applicant's principals, partners, directors, officers, professional employees or independent contractors comply with the Truth-in-Lending Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act or any similar statutes? Yes
 No

(b) Is the Applicant aware of any circumstance, incidents, situations over the past 5 year when the Applicant or the Applicant's principals, partners, directors, officers, professional employees or independent contractors have not complied with the Truth-in-Lending Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act or any similar statutes? Yes No

(If yes, please provide details by attachment)

(c) Does the Applicant have loan file audit procedures which include audits scheduled on a monthly basis, audits by senior level personnel (please name the person charged to perform audits and their title), audits on at least 10% of files and audit files that are randomly selected? Yes No

Person Charged To Perform Audits and Title:

(d) Has the Applicant or any of the Applicant's principals, partners, directors, officers, professional employees or independent contractors ever lost a lender's approval to submit client applications to that lender? Yes No
(If "yes", please provide details by attachment)

(e) Please explain the Applicant's procedures for verifying the validity of documents received from borrowers and provided to lenders:

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14. If coverage desired for title agents, searchers or abstractors activities, please answer questions 14. (a) through (d)):

(a) Please indicate the percentage of the Applicant's title agents, searchers or abstractors activities involving:

Title agent _____%; Title abstractor/searcher _____%; Closing/escrow agent _____%

(b) If licensing is required to perform title agents, searchers or abstractors activities in the states where the Applicant performs these activities, is the Applicant and all appropriate individuals properly licensed? Yes No

(c) Please provide identities of all title companies for which the Applicant has underwriting authority and the date the underwriting authority was first delegated to the Applicant:

Title Company:

Date of Authority:

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(d) Has any title company ever canceled or nonrenewed their agency contract with the Applicant? Yes No

(d) Who performs title searches for the Applicant?

Applicant: _____%; Independent Contractor: _____%

If independent contractor performs title searches, are they required to carry E&O?

Yes No

Minimum limits required: \$ _____

15. If coverage desired for escrow operations, please answer questions 15. (a) through (d)):

(a) Total number of escrows handled by the Applicant over the past 12 months: _____

(b) Value of largest escrow handled by the Applicant over the past 12 months: \$ _____

(c) Average value per escrow handled by the Applicant over the past 12 months: \$ _____

(d) Does the Applicant have written procedures that require:

Use of a standardized set of instructions?

Yes No

Signatures of the appropriate parties on all modifications of instructions?

Yes No

Internal escrow file audits prior to closings?

Yes No

It is hereby understood and agreed that the information provided above is true and correct and is material to the Insurer in deciding whether to issue its policy to the Applicant. Further, if such information is false or incomplete, it may constitute a misrepresentation that will: (a) permit the Insurer to modify the terms and conditions of the policy issued to the Applicant (including without limitation to excluding any claim arising from or relating to the false information or non-disclosure); or (b) void the policy.

Applicant Signature

Date (Mo/Day/Yr)

(Print or Type Name & Title)



OWNED PROPERTY SUPPLEMENT

NAME OF APPLICANT: _____ **DATE:** _____

Please provide the following additional information for each property in which any Insured has/had an ownership interest, if the Insured within the past 12 months has performed or plans within the next 12 months to perform Professional Services in connection with the property:

Location of Property (a)	Description of Property's Use (b)	Market Value or Rental Income (c)	Professional Services Performed (d)	Commissions Or Fees (e)	% Owned by Insured (f)	Other Owners (g)

- (a) Please provide city and state where property is located;
- (b) Please describe the property's end use, i.e. office building, apartment building, retail, industrial, ...
- (c) If the Insured sold or plans to sell the property, please provide the sale price or market value of the property. If the Insured manages or leases the property, please provide the annual rental income that the property produces;
- (d) Please describe the services performed or to be performed for the property, i.e. acting as agent in the sale of the property, property manager for the property, leasing agent for the property, ...
- (e) Commissions earned or expected to be earned from the sale of the property or fees earned or expected to be earned from the management or leasing of the property;
- (f) Percentage of all prospective insured's collective direct and/or indirect ownership interest in the property;
- (g) Identities of others who have an ownership interest in the property.



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701 B Street, Suite 520, San Diego, CA 92101
P.O. Box 1359, North Massapequa, NY 11758

ERRORS & OMISSIONS CLAIMS/POTENTIAL CLAIMS SUPPLEMENT

a) Name of Applicant: _____

b) Name of claimant/potential claimant:

c) Allegations: _____

d) Insured's response to allegations: _____

e) Date claim was made: _____ (f) Status of claim: Open/Closed (Circle one)

g) Defense costs incurred to date: \$ _____ h) Indemnity paid to date: \$ _____

i) Reserves for defense costs: \$ _____ j) Indemnity reserves: \$ _____

k) Narrative of any measure taken to prevent a reoccurrence of the circumstances which gave rise to the claim: _____

It is hereby understood and agreed that the information provided above is true and correct, is material to the Insurer in deciding whether to issue its policy to the Applicant. Further, if such information is false or incomplete, it may constitute a misrepresentation that will: (a) permit the Insurer to modify the terms and conditions of the policy issued to the Applicant (including without limitation to excluding any claim arising from or relating to the false information or non-disclosure): or (b) void the policy.

Applicant Signature

Date (Mo/Day/Yr)

(Print or Type Name & Title)