

**This Declaration Page is attached to and forms part of certificate provisions (Form SLC-3).**

Previous No.    «f1»                      Authority Ref. No.    091801                      Policy No.                      **«f2»**

1    Name and address  
of the **Named Insured**:  
   «f3» «f4»  
   «f5»  
   «f6», «f7» «f8»

2    Effective from    «f9»    to    «f10»  
both days at 12:01 a.m. standard time

3    Insurance is effected with certain    Percentage  
**UNDERWRITERS AT LLOYD’S, LONDON**    100%

4 <b>Legal Expense Limit</b> «f12»	Coverage	Rate	Premium
any one <b>Insured Event</b> and «f13» in the aggregate for all <b>Insured Events</b> during the <b>Policy Period</b>	Tenant Discrimination Legal Expense and Loss Reimbursement Insurance	FLAT CHARGE	«f41»

**Loss Sublimit**  
«f12» any one **Insured Event**  
and in the aggregate for all  
**Insured Events** during the  
**Policy Period**

SUBJ. TO FORM P1801TDLX-0309, E1801TD-0309

5    Special Conditions  
Co-insurance:   «f15»% of Claims Payments  
Deductible:    «f14» each and every **Insured Event**  
Retroactive Date: «f16»  
Notice of an **Insured Event** must be given to:  
   NAS Insurance Services, Inc.  
   16501 Ventura Boulevard, Suite 200  
   Encino, California 91436

6    Service of Suit may be made upon:  
   Mendes & Mount, LLP, 750 Seventh Avenue, New York, NY 10019-6829

**Dated** «f17»    NAS INSURANCE SERVICES, INC.

S P E C I M E N

by \_\_\_\_\_  
Correspondent

## Tenant Discrimination Legal Expense and Loss Reimbursement Insurance (Claims-Made and Reported Basis)

THIS POLICY PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. CLAIMS MUST FIRST BE MADE AGAINST THE **INSURED** DURING THE **POLICY PERIOD** AND MUST BE REPORTED IN WRITING TO UNDERWRITERS AS SOON AS PRACTICABLE DURING THE **POLICY PERIOD**, BUT IN NO EVENT LATER THAN SIXTY (60) DAYS AFTER EXPIRATION OF THE **POLICY PERIOD**.

### I. BENEFITS

In consideration of the premium specified on the Declaration Page forming part of this Policy, Underwriters agree, subject to the terms, conditions, definitions and exclusions which appear hereafter, to reimburse the **Insureds** for any **Legal Expense** and **Loss** incurred by the **Insureds** arising out of an **Insured Event Instituted** during the **Policy Period**. Underwriters have no duty to defend under this insurance, but only to reimburse for covered **Legal Expense** and **Loss**. We have no duty to provide coverage under this Policy unless there has been full compliance with all the conditions and provisions contained herein. The **Legal Expense Limit** and the **Loss Sublimit** shall be as shown on the Declaration Page. The **Loss Sublimit** shall be included within, and shall erode, the **Legal Expense Limit**. The **Deductible**, **Co-insurance** and Retroactive Date shall be as shown on the Declaration Page.

### II. CONDITIONS

- 1) Any **Insured Event** must be **Instituted** during the **Policy Period**.
- 2) Any **Insured Event** must arise out of, relate to, or involve a property owned or managed by the **Named Insured** as of the effective date of this Policy. If, after inception of the **Policy Period**, the **Named Insured** acquires a property, either through ownership or management, coverage hereunder for any **Insured Event** involving such property is subject to the condition that any fact, event or circumstance giving rise to the **Insured Event** must have occurred after the date of acquisition of such property.
- 3) In the event that an **Insured Event** which is subject to reimbursement under this Policy is **Instituted** against any **Insured** and such **Insured** prosecutes a counter-claim, cross-complaint or similar action in defense of such **Insured Event**, any **Legal Expense** incurred will be reimbursed subject to the **Legal Expense Limit**.
- 4) Any and all appeals and post-trial proceedings shall be considered to be part of the original **Insured Event** and treated as a single **Insured Event**. Any and all related **Insured Events**, all consolidated proceedings, and all lawsuits or administrative proceedings arising out of the same facts, circumstances or events shall be treated as a single **Insured Event** and shall be deemed to have been **Instituted** at the time the earliest **Insured Event** was **Instituted**.
- 5) As a condition precedent to payment of any benefit hereunder, the **Insureds** shall notify Underwriters of any **Insured Event** as soon as practicable, but in no event later than sixty (60) days after expiration of the **Policy Period**.
- 6) Coverage hereunder for any **Legal Expense** or **Loss** incurred during a **Policy Period** is subject to the condition that on the initial effective date of this Policy, the **Insured** has no knowledge of any event or circumstance which it knows or could reasonably believe may result in **Legal Expense** or **Loss** covered by this insurance.
- 7) Coverage hereunder is subject to the condition that any **Insured Event** or fact, event or circumstance giving rise to an **Insured Event** occurs subsequent to the Retroactive Date referred to in Item 5 of the Declaration Page.
- 8) As a condition precedent to reimbursement for **Loss** hereunder, **Legal Expense** related to any **Insured Event** must be covered under the provisions of this Policy.
- 9) There is no obligation on the part of Underwriters to investigate or defend any suit, claim or counterclaim brought against any **Insured**. Such obligation to investigate and defend resides solely with the **Insureds**. Reasonable and good faith defense by the **Insureds** is a condition precedent to reimbursement hereunder.

### III. DEFINITIONS

The following terms, whenever used in this Policy in boldface type, shall have the meanings indicated.

1. **Attorney** shall mean an individual or group duly licensed to practice law at the time and place the legal services are rendered.
2. **Co-insurance** shall mean the stipulated percentage, as referred to in Item 5 of the Declaration Page, of all **Legal Expense** or **Loss** the **Insured** pays, in excess of the **Deductible**, per **Insured Event**.
3. **Deductible** shall mean the amount referred to in Item 5 of the Declaration Page, which the **Insured** must bear, uninsured, in respect to **Legal Expense** or **Loss**. Underwriters will have no obligation to reimburse any **Legal Expense** or **Loss** until the **Deductible** has been fully paid and satisfied by the **Insured**.
4. **Institute** or **Instituted**, when referring to the commencement of any **Insured Event**, shall mean the time formal written notice is received by any **Insured**.

5. **Insured** or **Insureds** shall mean: 1) the **Named Insured**; 2) all lawfully appointed directors, trustees, officers, partners, shareholders or other managerial employees of the **Named Insured**, including department heads and supervisors thereof; and 3) any employees of the **Named Insured** acting under the authority of their employment; provided, however, that **Insured** shall under no circumstances include any franchise restaurant; any mobile home park, community or association; any recreational vehicle park, community or association; any religious organization or any property owned by such religious organization; or any governmental entity, or any property owned by such governmental entity.
6. **Insured Event** shall mean: 1) any lawsuit initiated against any **Insured** by a tenant, former tenant or applicant for tenancy alleging discrimination on the basis of race, color, religion, age, sex, pregnancy, national origin, sexual orientation, familial status or disability, or any other basis prohibited by federal, state or local law; or 2) any charge with the United States Department of Housing and Urban Development or any state or local agency responsible for the administration of state fair housing laws against any **Insured** by a tenant, former tenant or applicant for tenancy alleging discrimination on the basis of race, color, religion, age, sex, pregnancy, national origin, sexual orientation, familial status or disability, or any other basis prohibited by federal, state or local law.
7. **Judgment** shall mean a final determination of the legal liability of any **Insured** by a court of competent jurisdiction within the United States, or in the event of an appeal, by an appellate court as a result of an **Insured Event Instituted** against such **Insured**. Such **Judgment** shall be final in effect as to the **Insured** and not be in the alternative or contingent, and shall require the **Insured** to pay money as compensatory damages.
8. **Legal Expense** shall mean **Attorney's** fees for legal services rendered and associated expenses incurred by any **Insured** in defense of an **Insured Event**. **Legal Expense** is subject to the **Legal Expense Limit**. **Legal Expense** shall not include any awards, payments, judgments or expenses other than for legal services by the **Insured's Attorney**.
9. **Legal Expense Limit** shall mean the total dollar amount of covered **Legal Expense** that will be reimbursed for a **Policy Period** in respect of all **Insured Events Instituted** during the **Policy Period**.
10. **Loss** shall mean any payments required to be made by any **Insured** for **Judgment** entered against any **Insured** or **Settlement** paid by any **Insured**, arising out of an **Insured Event** and subject to the **Loss Sublimit**.
11. **Loss Sublimit** shall mean the total dollar amount of covered **Loss** that will be reimbursed for a **Policy Period** in respect of all **Insured Events Instituted** during the **Policy Period**. The **Loss Sublimit** is part of the **Legal Expense Limit** hereunder. Reimbursement to the **Insureds** of any amounts within the **Loss Sublimit** will reduce the remaining amount available under the **Loss Sublimit** and the **Legal Expense Limit**. Upon reimbursement of the full amount of the **Legal Expense Limit** hereunder to the **Insureds**, there shall be no further obligations on the part of Underwriters.
12. **Named Insured** shall mean the entity named in Item 1 of the Declaration Page.
13. **Policy Period** shall mean the period specified in Item 2 of the Declaration Page as the period during which this Policy has been issued to the **Named Insured**.
14. **Settlement** shall mean an agreement pursuant to which any **Insured** is required to pay monetary damages and to which Underwriters have expressly agreed in writing prior to the **Insured's** entry into such settlement. Such **Settlement** shall be final in effect as to the **Insured** and not be in the alternative or contingent, and shall require the **Insured** to pay money as compensatory damages

#### IV. EXCLUSIONS

No benefits shall be payable hereunder for **Legal Expense** or **Loss**:

- 1) if the **Legal Expense** or **Loss** arises out of legal services which are provided, or which could have been provided, by an **Attorney** or group of **Attorneys** to any **Insured** on behalf of an insurer or another indemnifying organization which is or may be obligated to reimburse the **Insured** for any or all of its liability in the matter, under the terms of a liability insurance policy or contract or some other type of indemnification agreement or arrangement. However, this exclusion shall not apply to any out-of-pocket **Legal Expense** or **Loss** incurred by any **Insured** which are less than or equal to the **Insured's** deductible under such policy or contract or other type of indemnification agreement or arrangement, and which do not exceed the **Legal Expense Limit**.
- 2) arising out of disputes with respect to this insurance, including questions as to whether **Legal Expense** or **Loss** is reimbursable under this Policy.
- 3) arising out of allegations with respect to seepage, pollution or contamination.
- 4) if the **Legal Expense** or **Loss** arises out of any matter that an **Insured** has conspired with another to **Institute** or have **Instituted**.

- 5) arising out of any circumstances or event of which any **Insured** was aware prior to the effective date of the initial **Policy Period**.
- 6) arising out of any matter other than an **Insured Event**.
- 7) incurred in any class action suit, whether certified or not.
- 8) arising out of any dishonest, fraudulent, criminal or malicious act or omission of any **Insured**.
- 9) incurred in defense of any criminal prosecution, which can result in criminal fines or incarceration in a jail or penal institution.
- 10) arising out of any suit or claim initiated by any past, present or prospective employee of the **Named Insured**.
- 11) arising out of any **Insured Event** or fact, event or circumstance giving rise to an **Insured Event** occurring prior to the Retroactive Date referred to in Item 5 of the Declaration Page.
- 12) if the **Loss** is obtained by default, stipulation, settlement or agreement unless Underwriters have expressly agreed in writing to the entry of such **Loss**. It is the **Insured's** responsibility to request this written agreement from Underwriters and to notify its **Attorney** of this exclusion.
- 13) if the **Legal Expense** or **Loss** includes fines, penalties, treble damages, punitive or exemplary damages, or any other matter deemed uninsurable pursuant to the law under which this insurance is interpreted.
- 14) incurred in repairing, building or modifying any property to accommodate or comply with the American Disabilities Act, or any other anti-discrimination law, or to comply with any **Settlement** or award by a court, administrative order, arbitration award or any similar **Judgment**.
- 15) incurred in any **Claim** involving asbestos, or asbestos-related injury or damage, or mold, or mold-related injury or damage.
- 16) incurred in any **Claim** by a tenant, former tenant or prospective tenant of a property not owned or managed by the **Named Insured** as of the date the **Claim** is first **Instituted**.

#### V. REIMBURSEMENT

The **Insureds** will be reimbursed only for **Legal Expense** incurred in respect of legal services actually rendered, and expenses actually incurred, and **Loss** actually incurred, as a result of an **Insured Event**, up to the **Legal Expense Limit** or **Loss Sublimit**, whichever is applicable, for this **Policy Period**.

#### VI. RECOVERY AND SUBROGATION

Underwriters shall be entitled to recover from the **Insureds** any and all benefits paid by Underwriters to the **Insureds** under this insurance which the **Insureds** have otherwise received from any other party in respect of the covered action. If the Underwriters become liable for any payment under this insurance in respect of covered **Legal Expense** or **Loss**, the Underwriters shall be subrogated, to the extent of such payment, to all the rights and remedies of the **Insureds** against any party in respect of such covered **Legal Expense** or **Loss** and shall be entitled, at their own expense, to sue or arbitrate in the name of the **Insureds**. The **Insureds** shall give to the Underwriters all such assistance in its power as the Underwriters may require to secure their rights and remedies and, at Underwriters' request, shall execute all documents necessary to enable Underwriters effectively to bring suit or demand arbitration in the name of the **Insureds** including the execution and delivery of the customary form of loan receipt.

#### VII. FREE CHOICE OF ATTORNEYS

The **Insureds** shall have complete freedom of choice with respect to election of the licensed **Attorney** who provides legal services in respect of which **Legal Expenses** are reimbursable under this agreement. There shall be no infringement upon the professional judgment of any **Attorney** furnishing legal services reimbursable under this agreement and no **Attorney** providing legal services in respect of which **Legal Expenses** are reimbursable under this agreement shall be required to act in derogation of the **Attorney's** professional responsibilities.

#### VIII. CANCELLATION

By acceptance of this Policy, the **Insureds** hereby confer the exclusive power and authority to cancel this Policy on their behalf to the **Named Insured**. Such entity may cancel this Policy by surrender thereof to Underwriters, and by mailing to Underwriters written notice stating when thereafter cancellation shall be effective. The mailing of such notice shall be sufficient notice and the effective date of cancellation shall become the end of the **Policy Period**. Delivery of such written notice shall be equivalent to mailing.

This Policy may only be cancelled by Underwriters for nonpayment of premium by mailing to the **Named Insured** written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective. If payment is not received within the ten (10) day period, then this Policy will be cancelled ab initio meaning coverage is null and void. The mailing of such notice shall be sufficient notice. Delivery of such written notice by Underwriters shall be equivalent to mailing. If the foregoing notice period is in conflict with any governing law or regulation, then such period shall be amended to afford the minimum notice period permitted thereunder.

If this Policy is cancelled by the **Named Insured**, Underwriters shall retain the short rate proportion of the premium hereon. Payment or tender of any unearned premium by Underwriters shall not be a condition precedent to the effectiveness of cancellation.

**IX. EXTENDED REPORTING PERIOD**

In the event of cancellation or non-renewal of this insurance, the **Named Insured** shall have the right, upon payment in full of an additional premium equal to 100% of the **Named Insured's** last annual premium, to an extension of the coverage provided under this insurance with respect to any **Insured Event Instituted** against any **Insured** during the period of twelve (12) months after the termination of this insurance (referred to in this insurance as the Extended Reporting Period), but only with respect to any act, error or omission occurring prior to the termination of this insurance and otherwise covered under this insurance.

The right to purchase the Extended Reporting Period shall terminate unless written notice is given to Underwriters within thirty (30) days after the termination of this insurance, together with full payment of the premium for the Extended Reporting Period. If such notice and premium payment is not so given to Underwriters, there shall be no right to purchase the Extended Reporting Period at any later date.

If the **Named Insured** purchases the Extended Reporting Period, the entire premium therefore shall be deemed earned at its commencement and Underwriters shall not be obligated to return any portion of the premium paid for the Extended Reporting Period.

The fact that the claims reporting period of this insurance may be extended by virtue of the purchase of the Extended Reporting Period shall not in any way increase the **Legal Expense Limit** or **Loss Sublimit**. It is agreed that the **Legal Expense Limit** and **Loss Sublimit** under the Extended Reporting Period shall be part of, and not in addition to, the **Legal Expense Limit** and **Loss Sublimit**.

**X. ARBITRATION**

Notwithstanding any other provision of this Policy, any dispute between the **Insureds** and Underwriters arising in connection with or relating to this Policy shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association then in effect. The arbitrator shall have the power to decide any dispute between the parties concerning the application or interpretation of the agreement, and said arbitrator shall have no power to change or add to the provisions of this agreement. The **Insureds** and Underwriters shall share equally in the cost of arbitration.

**NAS Insurance Services, Inc.**

S P E C I M E N

By: \_\_\_\_\_  
On behalf of the Underwriters  
providing this insurance.