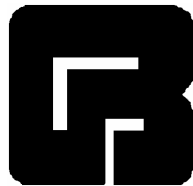


REAL ESTATE ERRORS AND OMISSIONS INSURANCE

APPLICATION



Administered by:
Geo. F. Brown & Sons, Inc.
118 S. Clinton Street
Suite 760
Chicago, Illinois 60661
Telephone: 888-372-6262
Fax: 312-258-3016/17

Mail or Fax this entire application (including this page)
to Geo. F. Brown & Sons, Inc.

Producer Name and Address:

Producer License Number:

REAL ESTATE ERRORS AND OMISSIONS INSURANCE



THIS APPLICATION IS FOR A CLAIMS MADE INSURANCE POLICY Geo. F. Brown & Sons, Inc.

- INSTRUCTIONS:**
1. Please type or print clearly in ink.
 2. Answer all questions completely. If any questions are considered "not applicable," please explain why.
 3. If you need more space, continue on a separate sheet of paper and indicate question number.
 4. All requested attachments **MUST** accompany this application.

I. APPLICANT'S NAME (Include all firm names, trading names or DBA's under which you operate).

Address of Principal Office (List complete address of any additional offices on page 8).		City	State	Zip Code	County
Business Phone	FAX	Month/Year firm established under current ownership: _ /		Applicant is: (check all that apply) <input type="checkbox"/> Individual	
Name of Principal Broker		Requested Effective Date: / /		<input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Owner/Broker <input type="checkbox"/> Managing Broker <input type="checkbox"/> Independent Contractor	

II. PRE-QUALIFICATION QUESTIONS

- A. During the past two years, has the Applicant derived income from real estate development, construction, property syndication or mortgage banking? YES NO
- B. Does the Applicant's income, derived from sales and services OTHER THAN residential sales, exceed 20% of gross annual income? YES NO
- C. Has the Applicant's gross annual income exceeded \$2 million for the previous or current year? YES NO
- D. Has any policy for similar Errors & Omissions insurance on behalf of the Applicant, partners, owners or officers of the Applicant or on behalf of the Applicant's predecessors in business ever been canceled, rescinded or refused renewal? **(Please do not respond to this question if domiciled in Missouri)** YES NO

III. APPLICANT INFORMATION

1. Within the last five years have there been changes in the Applicant's name or ownership or has any other business been purchased, merged or consolidated? If "YES", explain on page 8 and include the date of the change and details on any liabilities assumed including whether an Extended Reporting Period endorsement was purchased. YES NO
2. Is the Applicant controlled by or owned by another entity or does the Applicant control or own any other entity? If "YES", explain on page 8 and give the name of the entity, type of business, date first established and percentage of ownership or control. YES NO
3. Is the Applicant engaged in any business enterprise or professional practice OTHER THAN real estate sales, leasing, property management, appraisal or counseling? If "YES", explain on page 8 and include annual income from this activity. YES NO
4. List Real Estate Errors & Omissions Insurance carried for each of the past five years (one line per year). If none, advise.

Inception From Mo — Day — Yr	Expiration To Mo — Day — Yr	Insurance Company	Premium	Limit of Liability	Deductible (if any)

5. During the past five years, have any claims been made against the Applicant, its past or present owners, partners, officers, employees, sales associates or predecessors in business (whether paid, reserved or closed without payment)? If "YES", please complete the Supplemental Claim Section. YES NO
6. After inquiry of all staff members, does the Applicant or any person or entity indicated in "5" above have knowledge of any actual or alleged act, error, omission or circumstance which may result in a claim being made? If "YES", please complete the Supplemental Claim Section. YES NO
7. Has the Applicant, any party identified in Question 5 or any person proposed for this coverage ever been subject to disciplinary action by any federal, state or local regulatory body, real estate association or state licensing board as a result of any real estate related activities? If "YES", please explain on page 8. YES NO
8. Did any client represent more than 25% of the Applicant's annual income last year? YES NO
If "YES", please explain on page 8, including client's name and business. Use a separate piece of paper if necessary.

9. a. Limits of Liability (each claim/aggregate)

- \$100,000/\$100,000 \$500,000/\$500,000
 \$250,000/\$250,000 \$1,000,000/\$1,000,000

9. b. Deductible (per claim)

- \$0 (Zero) \$2,500 \$25,000
 \$1,000 \$5,000 \$50,000
 \$1,500 \$10,000 \$ _____

10. Indicate the Applicant's transactions and gross income from real estate activities:

Real Estate Activities	# of Transactions		Gross Income	
	Past Fiscal: Ending	Next 12 Mos. Estimated	Past Fiscal: Ending:	Next 12 Mos. Estimated
a) Residential Real Estate Sales				
b) Farm and/or Ranch Sales				
c) Raw Land Sales (residential)				
d) Raw Land Sales (commercial)				
e) Commercial or Industrial Real Estate Sales or Leases				
f) Residential Real Estate Leasing				
g) Real Estate Counseling/Consulting				
h) Real Estate Appraisal — Residential				
i) Real Estate Appraisal — Commercial				
j) Property Management (non-owner)				
k) Business Brokerage				
l) Auctioneering (Explain type on page 8)				
m) Mortgage Brokerage				
n) Properties in which the firm or any principal, officer or agent has 25% or more interest.				
o) Title Abstractor or Title Agent				
p) Other (describe on page 8)				
TOTAL GROSS INCOME				

11. Has the applicant derived any income from Mortgage Banking, Real Estate Development/Construction, Group Investment Syndication, Trusts and/or Partnerships? YES NO

If "YES", please explain on page 8 and include annual income from these activities. **NOTE: The policy specifically excludes these activities.**

12. Give the percentage of the Applicant's sales that used the following documents last year:

SOURCE OF DOCUMENT	REAL ESTATE CONTRACTS	DISCLOSURE FORMS
Standard Realty Board Approved Forms	%	%
Forms Designed by Applicant	%	%
Other (describe)	%	%

13. During the last year what percentage of the Applicant's residential property sales included a home warranty? _____%

14. During the past year, what percentage of the Applicant's sales included a professional home inspection? _____%

15. During the past year what percentage of sales did the Applicant act as a dual agent _____% or facilitator (one agent handling both sides of a transaction?) _____%

16. Indicate the number of staff members in the following categories:

NOTE: All principals and staff should only be included once.	FULL-TIME	PART-TIME	INACTIVE
Principals, Partners, Directors, Officers			
Licensed Real Estate Agents (including non-employees)			
Property Management Staff			
Real Estate Appraisers			
Real Estate Counselors/Consultants			
Other Employees (including clerical)			

17. Complete the following for each principal, partner, director and officer. If needed, use space on page 8.

Name and Title	Current Status	Year First Licensed as Real Estate	Professional Designations	License Ever Revoked or Suspended	Years with Applicant
	<input type="checkbox"/> Inactive <input type="checkbox"/> Active	Agent: Broker:		<input type="checkbox"/> YES <input type="checkbox"/> NO	
	<input type="checkbox"/> Inactive <input type="checkbox"/> Active	Agent: Broker:		<input type="checkbox"/> YES <input type="checkbox"/> NO	

18. If the firm has been in business for less than two years please provide the previous experience of the Broker Owner/Manager on page 8.

19. Please indicate the percentage of licensed staff members who have held their licenses for over 2 years. _____%

20. During the past two years, have at least 75% of licensed staff members completed a formal course on real estate agents/brokers legal liability or risk reduction? YES NO
What percentage of licensed staff members completed continuing education courses in the last 2 years? _____%

21. Does the Applicant want Environmental Hazards Coverage? YES NO

22. Is coverage desired for properties constructed or developed by a separately owned entity of the firm or the firm's agents? Provide revenue and explain ownership and the name(s) of construction firm(s) on page 8. YES NO

23. Does the applicant want the Insurance Company to pay for defense costs before satisfying your deductible? (First Dollar Defense). YES NO

24. Would you like to limit the maximum deductible amount you pay per year? (The minimum deductible aggregate per year is \$7,500. This aggregate is available with deductibles of \$2,500 or more.) YES NO

25. What is the average value of properties sold by the applicant in the past year? \$ _____ Est.

26. Indicate the applicant's largest property sales/leases in the past three years below:

YEAR	PROPERTY VALUE	PROPERTY DESCRIPTION

27. Does the applicant sell Insurance? YES NO
Do you want coverage for this portion of your operation? YES NO
If "YES", call GFB or your agent for a Supplemental Questionnaire.

STOP

Complete the remainder of this application only if you answered "YES" to any question in Part II (Pre-qualification Questions), if you perform Commercial/Industrial Sales or Leasing, Real Estate Appraisals or Property Management or if you are required to provide additional information on page 8. If none of these apply, simply sign and date the application and forward to your agent or Geo. F. Brown & Sons, Inc.

28. COMMERCIAL/INDUSTRIAL SALES OR LEASING SECTION

Is income shown in Question 10? If "YES", please provide a breakdown by category: YES NO

PROPERTY TYPE	SALES		LEASES	
	Number	Gross Income	Number	Gross Income
a. Offices		\$		\$
b. Shopping Centers		\$		\$
c. Apartments/Condominiums		\$		\$
d. Industrial/Manufacturing		\$		\$
e. Warehouse		\$		\$
f. Land		\$		\$
g. Other (describe)		\$		\$

29. REAL ESTATE APPRAISAL SECTION

Is income shown in Question 10? If "YES", complete parts a through c below:

YES NO
 YES NO

a. Are all appraisals performed by certified Appraisers?

If "YES", indicate certification(s) held: _____

b. Please provide a breakdown of appraisals and fees for the past fiscal year:

PROPERTY TYPE	NUMBER OF APPRAISALS		APPRAISAL FEES	
	Past Fiscal Year	Next 12 Months Estimated	Past Fiscal Year	Next 12 Months Estimated
1. 1-4 Family Residential			\$	\$
2. Commercial Property			\$	\$
3. Industrial Property			\$	\$
4. Apartments (4 or more units)			\$	\$
5. Farms and Ranches (Residential)			\$	\$
6. Farms and Ranches (Commercial)			\$	\$
7. Raw Land			\$	\$
8. Other (describe)			\$	\$

c. Please provide a breakdown of appraisals in terms of the number of clients:

1. Seller	%	5. Estate and/or Tax Purposes	%
2. Prospective Buyer	%	6. Developer	%
3. Owner (for non-sale purposes)	%	7. Investor/Syndicator	%
4. Lenders/Financial Institutions	%	8. Other (describe)	%
TOTAL			100%

30. PROPERTY MANAGEMENT SECTION

Is income shown in Question 10? If "YES", complete parts a) through e) below:

YES NO

a. Please provide a breakdown of property managed:

PROPERTY TYPE	NUMBER OF UNITS/SQ. FT.	GROSS PROPERTY MANAGEMENT INCOME
1. 1-4 Family Residential	Units	\$
2. Apartments	Units	\$
3. Condominiums/Cooperatives	Units	\$
4. Shopping Centers	Sq. Ft.	\$
5. Office Buildings	Sq. Ft.	\$
6. Commercial	Sq. Ft.	\$
7. Other (describe)		\$

b. Is the Applicant and/or property management staff certified?

If "YES", please indicate certification(s) held on page 8.

YES NO

c. Are certificates of insurance obtained on all non-residential properties?

YES NO

d. Is a credit report obtained for each prospective tenant?

References checked? If "NO", please explain on page 8.

YES NO

YES NO

e. Does the Applicant use a written contract for property management?

If "YES", ATTACH A COPY OF THE MOST COMMONLY USED CONTRACT.

YES NO

PLEASE READ THE FOLLOWING CAREFULLY

This application is used for the Real Estate Errors and Omissions Insurance Policy. You will automatically become a member of the Custom Realty Purchasing Group Association, Inc. This Purchasing Group, located and domiciled in Illinois, was organized pursuant to legislation enacted by The United States Congress. This legislation is known as the Federal Liability Risk Retention Act of 1986.

VIRGINIA, TENNESSEE FRAUD STATEMENT

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

ARIZONA FRAUD STATEMENT

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

ARKANSAS FRAUD STATEMENT

For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of, a loss is subject to criminal and civil penalties.

CALIFORNIA FRAUD STATEMENT

For your protection, California law requires that you be made aware of the following: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

COLORADO FRAUD STATEMENT

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

DISTRICT OF COLUMBIA FRAUD STATEMENT

Warning: It is a crime to provide false, or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

IDAHO FRAUD STATEMENT

Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

INDIANA FRAUD STATEMENT

Any person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete or misleading information commits a felony.

LOUISIANA FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

MAINE FRAUD STATEMENT

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or a denial of insurance benefits.

MINNESOTA FRAUD STATEMENT

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

NEW HAMPSHIRE FRAUD STATEMENT

Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud, as provided in RSA 638:20.

NEW JERSEY FRAUD STATEMENT-APPLICATION

Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NEW MEXICO FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

OHIO FRAUD STATEMENT

Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

OKLAHOMA FRAUD STATEMENT

Warning- Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

OREGON FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

PENNSYLVANIA FRAUD STATEMENT

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

FRAUD STATEMENT (All other states)

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly pre-presents false information in an application for insurance is guilty of a crime and may be subject to fines and confine- confinement in prison.

SIGNATURE AND AGREEMENTS

The undersigned represents that all statements and answers to questions are true, complete and accurate and that there has been no suppression or misstatement of fact. The undersigned agrees that any policy issued will rely on the truth of the statements and representations made on the application and that misrepresentations that are fraudulent, or such that the Company would not have issued the policy if the true facts had been known, may result in a denial of coverage for any claim which may be made under this insurance (if issued). The undersigned hereby authorizes Diamond State Insurance Company to use the information contained in this application and in their files for the purpose of underwriting this insurance. The undersigned also authorizes Diamond State Insurance Company to provide information, including claim and premium details, on any policy issued pursuant to this application, to a past or present franchising organization named as an Insured on the policy.

THE APPLICANT ACCEPTS NOTICE THAT HE/SHE IS REQUIRED TO PROVIDE WRITTEN NOTIFICATIONS TO THE COMPANY OF ANY CHANGES IN THE RESPONSES GIVEN TO THIS APPLICATION THAT MAY HAPPEN BETWEEN THE SIGNATURE DATE BELOW AND ANY PROPOSED EFFECTIVE DATE.

Except to such an extent as may be provided otherwise in the policy, the policy for which application is being made is limited to ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED and reported to the company while the policy is in force and which arise from services performed on or after the Retroactive Date of the policy.

NOTE: THE APPLICATION MUST BE SIGNED BY AN ACTIVE OWNER, PARTNER OR EXECUTIVE OFFICER.

Signature of Applicant	Date
Title	

SIGNING THIS FORM OR SENDING PREMIUM WITH THIS APPLICATION NEITHER BINDS COVERAGE OR GUARANTEES A POLICY WILL BE ISSUED.

Additional Information

Use a separate sheet of paper if necessary

Geo. F. Brown & Sons, Inc
118 S. Clinton Street — Suite 760
Chicago, Illinois 60661
888-372-6262 Fax: 312-258-3016/17

Supplemental Claim or Incident Application Real Estate Errors and Omissions Insurance

Note: Complete a separate supplement for each claim made or incident reported.

1. Name of Applicant:

2. Name of Claimant:

3. Date of Alleged Error: _____

4. Date reported to E&O Insurance Carrier: _____

5. Name of E&O Insurance Carrier:

6. Indicate whether: Claim/Suit Incident

7. CLAIM DESCRIPTION

a. Provide a brief description of the claim:

b. What type of real estate services were involved?

c. Describe the type and extent of injury or damage allegedly sustained by claimant:

d. What act, error or omission has been alleged as the basis for the applicant's liability in this claim?

e. Names of all co-defendants:

8. CLAIM STATUS

a. What is the current status of the claim? Provide details:

b. What was the claimant's demand for settlement?

\$ _____

c. Give the amount paid for damages and defense costs, including any deductible amount:

\$ _____

d. Give the E&O Insurance Carrier loss reserves for damages and defense costs, including any deductible amount:

\$ _____

9. LOSS PREVENTION

a. What action has been taken by the Applicant to prevent this type of claim from occurring in the future?

I understand that this supplement is attached to and is made part of the Real Estate Errors and Omissions Insurance Application and is subject to the same representations and conditions.

Signed

Title

Date