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**A seamless integrated insurance solution for professionals.**

Please read this wording, together with any endorsements and the Declarations, very carefully. If anything is not correct, please notify **us** immediately. Please note the full extent of **your** and **our** rights and duties.

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**Our promise to you**

In return for the premium **you** have paid, **we** agree to insure **you** in accordance with the terms and conditions of the policy.

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**Your policy documents****Declarations Page**

This contains a summary of policy information including the limits of liability and retention amounts **you** have selected.

**General Terms and Conditions**

This contains terms and conditions which apply to the entire policy.

**Coverage Parts**

This contains terms and conditions which apply only to the Coverage Part in which they appear.

**Endorsements**

These documents modify the Declarations page, General Terms and Conditions, and/or Coverage Parts.

**Notices**

These documents provide information that may affect **your** coverage as required by applicable law.

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**Complimentary risk management services**

As a complimentary service that comes with this policy, **we** are pleased to provide a free confidential risk management and loss prevention service, consisting of an initial consultation and up to one hour of legal services to assist **you** in better understanding and minimizing risks that commonly lead to the types of **claims** covered under this policy. If **you** have a question about minimizing these types of liability risks in **your** business, please email **your** question to **us** at [riskmanagement@hiscox.com](mailto:riskmanagement@hiscox.com), along with **your** policy number. A Hiscox representative will get back to **you** within one business day with a referral to a nationally recognized law firm with a practice specifically focused on **your** industry.

Please note that any inquiries made to this service will not constitute a notice of **claim** or **potential claim** under **your** policy. For all **claims**, **potential claims**, or other matters covered by this policy, please follow the notification provisions in the policy. Please also note that this service is not intended to respond to questions regarding your insurance policy or coverage. For all such inquiries, please contact **your** agent or broker.

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**Reporting a claim**

Please inform **us** immediately if you have a **claim** or loss to report and refer to the claim reporting provisions in each Coverage Part for further details.

Email: [hiscoxclaims@hiscox.com](mailto:hiscoxclaims@hiscox.com)



## HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue Suite 600 Chicago, IL 60603  
(646) 452-2353

### Insurance for Real Estate and Property Managers Professionals

#### DECLARATIONS

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NOTICE: YOUR POLICY CONTAINS CLAIMS-MADE LIABILITY COVERAGE. CLAIMS-MADE COVERAGE APPLIES ONLY TO CLAIMS THAT ARE FIRST MADE AND REPORTED DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF PURCHASED.

THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES WILL BE REDUCED AND MAY BE EXHAUSTED BY CLAIMS EXPENSES. FURTHERMORE, CLAIMS EXPENSES WILL BE APPLIED AGAINST THE RETENTION.

PLEASE READ YOUR POLICY CAREFULLY AND CONSULT YOUR INSURANCE ADVISOR ABOUT ANY QUESTIONS YOU MIGHT HAVE.

<b>Broker No.:</b>	US 0001056	Quirk & Company
<b>Policy No.:</b>	MPL1689017.18	10001 Reunion Place Suite 100
<b>Renewal of:</b>	MPL1689017.17	San Antonio, TX 78216-3908
<b>1. Named Insured:</b>	Affordable Homes Of South Texas Inc.	
<b>Address:</b>	1420 Erie Ave McAllen, TX 78501-5220	
<b>2. Policy Period:</b>	<b>Inception Date: 01/28/2018</b> Inception date shown shall be at 12:01 A.M. (Standard Time) to Expiration date shown above at 12:01 A.M. (Standard Time) at the address of the Named Insured.	<b>Expiration Date: 01/28/2019</b>
<b>3. General terms and conditions wording:</b>	PLP P0001 CW (06/14) The General terms and conditions apply to this policy in conjunction with the specific wording detailed in each section below.	
<b>4. Endorsements:</b>	E6017.2 - Nuclear Incident Exclusion Clause-Liability-Direct (Broad) Endorsement, E6020.2 - War and Civil War Exclusion Endorsement, E9041.2 - Texas Amendatory Endorsement, E6026.1 - Amend Retroactive Date (Specific) Endorsement, and E6098.2 - Amend Retroactive Date (Specific) Endorsement 2	
<b>5. Optional Extension Period:</b>	Extended Reporting Period of 12/24/36 months at 75/150/225 percent of the annual premium.	
<b>6. Notification of claims to:</b>	Hiscox Claims 520 Madison Avenue, 32nd floor New York, NY 10022 Fax: 212-922-9652 Email: HiscoxClaims@Hiscox.com	
<b>Additional Notification requirements:</b>	NONE	



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## Insurance for Real Estate and Property Managers Professionals DECLARATIONS

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7. Policy Premium: \$ 2,178 Administration Fee: N/A State Surcharge: N/A

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### Real Estate and Property Managers Professional Liability Claims-Made and Reported Coverage Part: PLPMPL P0003 CW (06-14)

Covered Professional Services:	solely as defined in the Real Estate and Property Managers Professional Liability Coverage Part
Professional Liability (PL):	\$ 1,000,000 Each Claim / \$ 1,000,000 Aggregate
Bodily Injury/Property Damage:	\$ 50,000 Aggregate
Third Party Discrimination:	\$ 1,000,000 Each Claim(Shared Limit with PL)
Open House Claims:	\$ 50,000 Aggregate
Failure to disclose pollutants:	\$ 500,000 Aggregate
Defense of Licensing Proceedings:	\$ 25,000 Aggregate (Separate Limit)
Subpoena Assistance:	\$ 10,000 Aggregate (Separate Limit)
Retroactive Date:	01/28/2011
Retention:	\$ 1,000 <b>POLICY FEE \$225.00 TOTAL DUE \$2,403.00 POLICY FEE FULLY EARNED</b>
PL Premium:	\$ 2,178 <b>UPON ISSUANCE OF POLICY</b>
Endorsements:	E6036.1 - Additional Named Insured Endorsement, and E6149.3 - Additional Insured Endorsement

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IN WITNESS WHEREOF, the Insurer indicated above has caused this Policy to be signed by its President and Secretary, but this Policy shall not be effective unless also signed by the Insurer's duly authorized representative.



# HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue Suite 600 Chicago, IL 60603

(646) 452-2353

## Insurance for Real Estate and Property Managers Professionals

### DECLARATIONS

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President

Secretary

Authorized Representative

Brett Sadoff

January 4, 2018

Hiscox Inc.

## I. Our promise to you

In consideration of the premium charged, and in reliance on the statements made and information provided to **us**, **we** will pay **covered amounts** as defined in this policy, provided **you** properly notify **us** of **claims**, **breaches**, **events**, or **occurrences**, and meet **your** obligations to **us** in accordance with the terms of this policy.

## II. Limits of liability

Regardless of the number of Coverage Parts **you** have purchased, the maximum **we** will pay for all **covered amounts** will be as follows:

- A. Coverage part limit  
Each Coverage Part purchased will be subject to a **coverage part limit** (if one is stated in the Declarations), which is the maximum amount **we** will pay for all **covered amounts** under that Coverage Part, other than coverage enhancements or other items **we** have expressly agreed to pay in addition to the limit. The **coverage part limit** will be in excess of any applicable **retention**.
- B. Each claim limit  
The Each Claim Limit identified in the Declarations is the maximum amount **we** will pay for all **covered amounts** for each covered **claim**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **claim** to which the sublimit applies. The Each Claim Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.
- C. Each breach limit  
The Each Breach Limit identified in the Declarations (if **you** have purchased a relevant Coverage Part) is the maximum amount **we** will pay for all **covered amounts** for each covered **breach**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **breach** or costs to which the sublimit applies. The Each Breach Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.
- D. Each occurrence limit  
The Each Occurrence Limit identified in the Declarations (if **you** have purchased a relevant Coverage Part) is the maximum amount **we** will pay for all **covered amounts** for each covered **occurrence**, unless a lower sublimit is specified, in which case the sublimit is the maximum amount **we** will pay for the type of covered **occurrence** to which the sublimit applies. The Each Occurrence Limit, or any sublimit, will be in excess of any applicable **retention** and will be a part of, and not in addition to, any applicable **coverage part limit**.
- E. General liability coverage part limits  
If **you** have purchased a General Liability Coverage Part, additional rules for applying limits are contained in Section IV. Limits of liability, of that Coverage Part.
- F. Related claims  
All **related claims**, regardless of when made, will be treated as one **claim**, and all subsequent **related claims** will be deemed to have been made against **you** on the date the first such **claim** was made. If, by operation of this provision, the **claim** is deemed to have been made during any period when **we** insured **you**, it will be subject to only one **retention** and one Each Claim Limit regardless of the number of claimants, **insureds**, or **claims** involved.

## III. Your obligations to us

- A. Named insured responsibilities  
It will be the responsibility of the **named insured** (or, if there is more than one **named insured**, the first one listed on the Declarations) to act on behalf of all **insureds** with respect to the following:
  1. timely giving and receiving notice of cancellation or non-renewal;
  2. timely payment of premium;
  3. receipt of return premiums;
  4. timely acceptance of changes to this policy; and
  5. timely payment of **retentions**.

## General Terms and Conditions

- B. Your duty to cooperate      **You** must cooperate with **us** in the defense, investigation, and settlement of any **claim, potential claim, breach, event, occurrence**, or other matter notified to **us**, including but not limited to:
1. notifying **us** immediately if **you** receive any settlement demands or offers, and sending **us** copies of any demands, notices, summonses, or legal papers;
  2. submitting to examination and interrogation under oath by **our** representative and giving **us** a signed statement of **your** answers;
  3. attending hearings, depositions, and trials as **we** request;
  4. assisting in securing and giving evidence and obtaining the attendance of witnesses;
  5. providing written statements to **our** representative and meeting with such representative for the purpose of investigation and/or defense;
  6. providing all documents and information **we** may reasonably request, including authorizing **us** to obtain records; and
  7. pursuing **your** right of recovery from others.
- C. Your obligation not to incur any expense or admit liability      **You** must not make any payment, incur any expense, admit any liability, or assume any obligation without **our** prior consent. If **you** do so, it will be at **your** own cost and expense.
- D. Your representations      **You** warrant that all representations made and all materials submitted by **you** or on **your** behalf in connection with the **application** for this policy are true, accurate, and not misleading, and agree they were relied on by **us** and were material to **our** decision to issue this policy to **you**. If **we** learn any of the representations or materials were untrue, inaccurate, or misleading in any material respect, **we** are entitled to treat this policy as if it had never existed.

### IV. Optional extension period

1. If **we** or the **named insured** cancel or non-renew this policy, then the **named insured** will have the right to purchase an optional extension period for the duration and at the percentage of the expiring premium stated in Item 5 of the Declarations. The optional extension period, if purchased, will start on the effective date of cancellation or non-renewal. However, the right to purchase an optional extension period will not apply if:
  - a. this policy is canceled by **us** for nonpayment of premium; or
  - b. the total premium for this policy has not been fully paid.
2. The optional extension period will apply only to **claims** that:
  - a. are first made against **you** and reported to **us** during the optional extension period; and
  - b. arise from **your professional services** performed, or a **breach**, offense, or **occurrence** that takes place, on or after the **retroactive date** but prior to the effective date of cancellation or non-renewal of this policy.
3. The additional premium will be fully earned at the inception of the optional extension period.
4. Notice of election and full payment of the additional premium for the optional extension period must be received by **us** within 30 days after the effective date of cancellation or non-renewal, otherwise any right to purchase the optional extension period will lapse.

The limits of liability applicable during any purchased optional extension period will be the remaining available **coverage part limit**. There will be no separate or additional limit of liability available for any purchased optional extension period.

The right to purchase an optional extension period will apply only to Coverage Parts **you** have purchased that include coverage written on a claims-made or loss occurring and discovered basis, and not to any Coverage Parts written on an occurrence basis.

## V. Other provisions affecting coverage

- A. Alteration and assignment No change in, modification of, or assignment of interest under this policy will be effective unless made by written endorsement to this policy signed by **our** authorized representative.
- B. Bankruptcy or insolvency **Your** bankruptcy or insolvency will not relieve **us** of any of **our** obligations under this policy.
- C. Cancellation
1. This policy may be canceled by the **named insured** by giving written notice, which must include the date the cancellation will be effective, to **us** at the address stated in the Declarations.
  2. This policy may be canceled by **us** by mailing to the **named insured** by registered, certified, or other first class-mail, at the **named insured's** address stated in Item 1 of the Declarations, written notice which must include the date the cancellation will be effective. The effective date of the cancellation will be no less than 60 days after the date of the notice of cancellation, or ten days if the cancellation is due to nonpayment of premium.
  3. The mailing of the notice will be sufficient proof of notice, and this policy will terminate at the date and hour specified in the notice.
  4. If this policy is canceled by the **named insured**, **we** will retain the customary short rate proportion of the premium.
  5. If this policy is canceled by **us**, **we** will return a pro rata proportion of the premium.
  6. Payment or tender of any unearned premium by **us** will not be a condition precedent to the cancellation, but such payment will be made as soon as possible.
- D. Change in control
- If, during the **policy period**, the **named insured** consolidates with, merges into, or sells all or substantially all of its assets to any other person or entity, or any other person or entity acquires ownership or control of the **named insured**, then the **named insured** will provide **us** written notice no later than 30 days after the effective date of such change in control, together with any other information **we** may require.
- We** will not cancel this policy solely because of a change in control, but unless **you** and **we** agree in writing otherwise, after the effective date of any change in control, this policy will cover only **claims** arising from **professional services** performed, or **breaches**, offenses, or **occurrences** that took place, prior to the change in control.
- E. Coverage territory
- This policy will apply to **your professional services** performed, and **breaches**, offenses, **events**, or **occurrences** that take place, anywhere in the world, provided that any action, arbitration, or other proceeding (if **you** have purchased a relevant Coverage Part) is brought within the United States, its territories or possessions, or Canada.
- F. Estates, heirs, legal representatives, spouses, and domestic partners
- In the event of an **employee's** death or disability, this policy will also apply to **claims** brought against the **employee's**:
1. heirs, executors, administrators, trustees in bankruptcy, assignees, and legal representatives; or
  2. lawful spouse or lawful domestic partner;
- but only:
1. for a covered **claim** arising from the scope of the **employee's** work for **you**; or
  2. in connection with their ownership interest in property which the claimant seeks as recovery in a covered **claim** arising from the scope of the **employee's** work for **you**.
- G. False or fraudulent claims
- If any **insured** commits fraud in connection with any **claim**, **potential claim**, **breach**, offense, **event**, or **occurrence**, whether regarding the amount or otherwise, this insurance will become void as to that **insured** from the date the fraud is committed.



## General Terms and Conditions

- H. Other insurance
- Any payment due under this policy is specifically excess of and will not contribute with any other valid and collectible insurance, unless such other insurance is written specifically as excess insurance over this policy. However, if **you** have purchased a General Liability Coverage Part, rules for how that Coverage Part will be treated when there is other valid and collectible insurance are contained in Section V. Other provisions affecting coverage, D. Other insurance, of that Coverage Part.
- If the same **claim** or **related claims**, **breach**, **event**, or **occurrence** is covered under more than one Coverage Part, **we** will pay only under one Coverage Part, which will be the Coverage Part that provides the most favorable coverage.
- I. Subrogation
- In the event of any payment by **us** under this policy, **we** will be subrogated to all of **your** rights of recovery to that payment.
- You** will do everything necessary to secure and preserve **our** subrogation rights, including but not limited to the execution of any documents necessary to allow **us** to bring suit in **your** name.
- You** will do nothing to prejudice **our** subrogation rights without **our** prior written consent.
- Any recovery first will be paid to **you** up to the amount of any **retention you** have paid, and then to **us** up to the amount of any **covered amounts we** have paid.
- J. Titles
- Titles of sections of and endorsements to this policy are inserted solely for convenience of reference and will not be deemed to limit, expand, or otherwise affect the provisions to which they relate.

## VI. Definitions applicable to all Coverage Parts

The following definitions apply to all Coverage Parts **you** have purchased. If the same term is defined here and in a Coverage Part, then the definition in the Coverage Part will govern the coverage provided under that Coverage Part.

- Application**
- means the signed application for the policy and any attachments and materials submitted with that application. If this policy is a renewal or replacement of a previous policy issued by **us**, **application** also includes all previous signed applications, attachments, and materials.
- Coverage part limit**
- means the amount stated in the Declarations as the aggregate limit applicable to each Coverage Part **you** have purchased which is subject to an aggregate limit.
- Covered amounts**
- means any amounts **we** have expressly agreed to pay under any Coverage Part **you** have purchased.
- Employee**
- means any past, present, or future:
1. employee (including any part-time, seasonal, leased, or temporary employee or any volunteer);
  2. partner, director, officer, or board member (or equivalent position); or
  3. independent contractor;
- of a **named insured**, but only while in the course of their performance of work or services on behalf of or at the direction of the **named insured**.
- Named insured**
- means the individual, corporation, partnership, limited liability company, limited partnership, or other entity identified in Item 1 of the Declarations.
- Policy period**
- means the period of time identified in Item 2 of the Declarations, and any optional extension period, if purchased.
- Professional services**
- means those services identified as Covered Professional Services under any Coverage Part on the Declarations containing such a description.



## General Terms and Conditions

### Related claims

means all **claims** that are based upon, arise out of, or allege:

1. a common fact, circumstance, situation, event, service, transaction, cause, or origin;
2. a series of related facts, circumstances, situations, events, services, transactions, sources, causes, or origins;
3. a continuous or repeated act, error, or omission in the performance of **your professional services**; or
4. the same **breach, occurrence**, or offense.

The determination of whether a **claim** is related to another **claim** or **claims** will not be affected by the number of claimants or **insureds** involved, causes of action asserted, or duties involved.

### Retention

means the amount or time identified as such in the Declarations.

### Retroactive date

means the date identified as such in the Declarations.

### We, us, or our

means the Company identified on the Declarations as issuing this policy.

### You, your, or insured

means any individual or entity expressly described as an **insured** in any Coverage Part **you** have purchased.

# Real Estate and Property Managers Professional Liability Coverage Part

## I. What is covered

We will pay up to the **coverage part limit** for **damages** and **claim expenses** in excess of the **retention** for covered **claims** against **you** alleging a negligent act, error, or omission in **your professional services** performed for any property, whether or not owned by **you**, on or after the **retroactive date**, including but not limited to:

1. failure to disclose;
2. negligent misstatement or negligent misrepresentation; or
3. **personal and advertising injury**,

provided the **claim** is first made against **you** during the **policy period** and is reported to **us** in accordance with Section V. Your obligations.

## II. Coverage enhancements

We will also make the following payments:

Bodily injury/property damage sublimit

- A. We will pay **damages** and **claim expenses** up to the limit stated in the Declarations for any **claim** against **you** for **bodily injury** and/or **property damage**, provided the **claim** is first made against **you** during the **policy period**, it directly results from **your professional services** performed on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

**You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection A, and any payments **we** make will be a part of, and not in addition to, the **coverage part limit**.

Third party discrimination

- B. We will pay **damages** and **claim expenses** up to the limit stated in the Declarations for any **claim** against **you** for **third party discrimination**, provided the **claim** is first made against **you** during the **policy period**, it directly results from **your professional services** performed on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

**You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection B, and any payments **we** make will be a part of, and not in addition to, the **coverage part limit**.

Open house claim sublimit

- C. We will pay **damages** and **claim expenses** up to the limit stated in the Declarations for any **open house claim** against **you**, provided the **claim** is first made against **you** during the **policy period**, it directly results from **your professional services** performed on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

**You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection C, and any payments **we** make will be a part of, and not in addition to, the **coverage part limit**.

Failure to disclose pollutants sublimit

- D. We will pay **damages** and **claim expenses** up to the limit stated in the Declarations for any **failure to disclose pollutants claim** against **you**, provided the **claim** is first made against **you** during the **policy period**, it directly results from **your professional services** performed on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

**You** must pay the **retention** stated in the Declarations in connection with any payment **we** make under this subsection D, and any payments **we** make will be a part of, and not in addition to, the **coverage part limit**.

Defense of licensing proceedings

- E. We will pay up to the limit stated in the Declarations for the reasonable and necessary fees, costs, and expenses incurred with **our** prior consent in the investigation, defense, or appeal of any state, federal, or other licensing board inquiry or proceeding concerning **your** eligibility or license to engage in **your professional services**, provided **you** first receive notice of such inquiry or proceeding during the **policy period**, it relates to **your**

## Real Estate and Property Managers Professional Liability Coverage Part

**professional services** performed on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

No **retention** will apply to amounts **we** pay under this subsection E, and such amounts will be in addition to, and not part of, the **coverage part limit**.

Subpoena assistance

F. **We** will pay up to the limit stated in the Declarations for the reasonable and necessary fees, costs, and expenses incurred with **our** prior consent to respond to a subpoena arising from the performance of **your professional services**, provided **you** first receive notice of such subpoena during the **policy period**, it relates to **your professional services** performed on or after the **retroactive date**, and it is reported to **us** in accordance with Section V. Your obligations.

No **retention** will apply to amounts **we** pay under this subsection F, and such amounts will be in addition to, and not part of, the **coverage part limit**.

Supplemental payments

G. **We** will pay reasonable expenses, including loss of wages and a \$250 travel per diem, incurred by **you** if **we** require **you** to attend depositions, arbitration proceedings, or trials in connection with the defense of a covered **claim**, but **we** will not pay more than an aggregate of \$10,000 per **claim** for such expenses, regardless of the number of **insureds**.

No **retention** will apply to amounts **we** pay under this subsection G, and such amounts will be in addition to, and not part of, the **coverage part limit**.

### III. Who is an insured

For purposes of this Coverage Part, **you, your, or insured** means a **named insured, subsidiary, employee, independent contractor, joint venture, or franchisor**, as defined below:

**Named insured**

means the individual, corporation, partnership, limited liability company, limited partnership, or other entity identified in Item 1 of the Declarations.

**Subsidiary**

means any entity of which the **named insured** has majority ownership before or during the **policy period**.

**Employee**

means any past, present, or future:

1. person employed by the **named insured** or **subsidiary** as a permanent, part-time, seasonal, leased, or temporary employee, or any volunteer; or
2. partner, director, officer, or board member (or equivalent position) of the **named insured** or **subsidiary**,

but only while in the course of their performance of **professional services** on behalf of or at the direction of such **named insured** or **subsidiary**.

**Independent contractor**

means any person or entity contracted by the **named insured** or **subsidiary** to perform the same **professional services** as the **named insured** or **subsidiary**, but only while in the course of their performance of **professional services** on behalf of or at the direction of the **named insured** or **subsidiary**.

**Joint venture**

means a business enterprise in which the **named insured** or **subsidiary** participates pursuant to a written agreement, but only for:

1. **professional services** performed by the **named insured** or **subsidiary**; and
2. the same percentage of covered **damages** and **claim expenses** as the percentage of the **named insured's** or **subsidiary's** participation in the joint venture.

**Franchisor**

means any real estate franchise corporation of which the **named insured** is a franchisee, but only for the **franchisor's** liability for **your professional services** performed by or on behalf of the **named insured**.

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### IV. Defense and settlement of claims

Defense	<p><b>We</b> have the right and duty to defend any covered <b>claim</b>, even if such <b>claim</b> is groundless, false, or fraudulent.</p> <p><b>We</b> have the right to select and appoint counsel to defend <b>you</b> against a covered <b>claim</b>. <b>You</b> may request in writing that <b>we</b> appoint defense counsel of <b>your</b> own choice, but whether to grant or deny such a request will be at <b>our</b> sole discretion.</p>
Settlement	<p><b>We</b> have the right to solicit and negotiate settlement of any <b>claim</b> but will not enter into a settlement without <b>your</b> consent, which <b>you</b> agree not to withhold unreasonably. If <b>you</b> withhold consent to a settlement recommended by <b>us</b> and acceptable to the party who made the <b>claim</b>, the most <b>we</b> will pay for that <b>claim</b> is the sum of:</p> <ol style="list-style-type: none"><li>1. the amount of <b>our</b> recommended settlement;</li><li>2. <b>claim expenses</b> incurred up to the date of <b>our</b> recommendation;</li><li>3. 50% of all <b>claim expenses</b> incurred after <b>our</b> recommendation; and</li><li>4. 50% of all <b>damages</b> in excess of the settlement amount recommended by <b>us</b>.</li></ol>

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### V. Your obligations

Notifying us of claims and coverage enhancements	<p><b>You</b> must give written notice to <b>us</b> of any <b>claim</b>, or any other matter covered under Section II. Coverage enhancements, as soon as possible, but in any event, no later than 60 days after the end of the <b>policy period</b>.</p> <p>All such notifications must be in writing and include a copy of the <b>claim</b> or other covered matter, and must be submitted to <b>us</b> via the designated email address or mailing address identified in Item 6 of the Declarations.</p>
Notifying us of potential claims	<p><b>You</b> have the option of notifying <b>us</b> of <b>potential claims</b> that may lead to a covered <b>claim</b> against <b>you</b>.</p> <p>In order to do so, <b>you</b> must give written notice to <b>us</b> as soon as possible and within the <b>policy period</b>, and the notice must, to the greatest extent possible, identify the details of the <b>potential claim</b>, including identifying the potential claimant(s), the likely basis for liability, the likely demand for relief, and any additional information about the <b>potential claim</b> <b>we</b> may reasonably request.</p> <p>The benefit to <b>you</b> of notifying <b>us</b> of a <b>potential claim</b> is that if an actual <b>claim</b> arises from the same circumstances as the properly notified <b>potential claim</b>, then <b>we</b> will treat that <b>claim</b> as if it had first been made against <b>you</b> on the date <b>you</b> properly notified <b>us</b> of it as a <b>potential claim</b>, even if that <b>claim</b> is first made against <b>you</b> after the <b>policy period</b> has expired.</p> <p>All <b>potential claim</b> notifications must be in writing and submitted to <b>us</b> via the designated email address or mailing address identified in Item 6 of the Declarations.</p>
Retention	<p><b>Our</b> obligation to pay <b>damages</b> and <b>claim expenses</b> under this Coverage Part is in excess of the <b>retention</b>, which <b>you</b> must pay in connection with each covered <b>claim</b>.</p>

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### VI. Exclusions – What is not covered

Antitrust/deceptive trade practices	<p><b>We</b> will have no obligation to pay any sums under this Coverage Part, including any <b>damages</b> or <b>claim expenses</b>, for any <b>claim</b>:</p> <ol style="list-style-type: none"><li>1. based upon or arising out of any actual or alleged:<ol style="list-style-type: none"><li>a. false, deceptive, or unfair trade practices;</li></ol></li></ol>
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## Real Estate and Property Managers Professional Liability Coverage Part

- b. unfair competition, impairment of competition, restraint of trade, or antitrust violations;
  - c. violation of the Sherman Anti-Trust Act, the Clayton Act, the Robinson-Patman Act, all including as may be amended, or any similar federal, state, or local statutes, rules, or regulations in or outside the U.S.; or
  - d. deceptive or misleading advertising.
- Bankruptcy of others      2. based upon or arising out of any failure, insolvency, bankruptcy, or financial impairment of:
  - a. a sponsor, developer, or builder; or
  - b. any financial institution, including but not limited to savings and loans companies, banking institutions, or insurance companies.
- Bodily injury/property damage      3. based upon or arising out of any actual or alleged **bodily injury** or **property damage**; however, this exclusion will not apply to:
  - a. **bodily injury** or **property damage** directly resulting from **your professional services** covered under Section II. Coverage enhancements, A; or
  - b. an **open house claim** covered under Section II. Coverage enhancements, C.
- Breach of contract      4. based upon or arising out of any actual or alleged breach of any contract or agreement, or any liability of others that **you** assume under any contract or agreement; however, this exclusion will not apply to any liability **you** would have in the absence of the contract or agreement.
- Breach of warranty/guarantee      5. based upon or arising out of any actual or alleged breach of express warranties or guarantees, including any warranty or guarantee as to the future value of property. However, this exclusion will not apply to any:
  - a. warranty or guarantee to perform **your professional services** consistent with applicable industry standards or with reasonable skill or care; or
  - b. liability **you** would have in the absence of the warranties or guarantees.
- Construction management      6. based upon or arising out of any actual or alleged performance of or failure to perform construction management services; however, this exclusion will not apply to the incidental hiring of a person or entity to perform regular maintenance as part of **your property management services**.
- Criminal proceedings      7. brought in the form of a criminal proceeding, including but not limited to a criminal investigation, grand jury proceeding, or criminal action.
- Employment related liability      8. based upon or arising out of any actual or alleged:
  - a. obligation under any workers' compensation, unemployment compensation, employers' liability, fair labor standards, labor relations, wage and hour, or disability benefit law, including any similar provisions of any federal, state, or local statutory or common law;
  - b. liability or breach of any duty or obligation owed by **you** as an employer or prospective employer; or
  - c. harassment, wrongful termination, retaliation, or discrimination, including but not limited to adverse or disparate impact

However, part c of this exclusion will not apply to a covered **claim** for **third party discrimination**.
- Excluded costs and damages      9. to the extent it seeks or includes:
  - a. fines, penalties, taxes, or sanctions against **you**;
  - b. overhead costs, general business expenses, salaries, or wages incurred by **you**;
  - c. the return, reduction, or restitution of fees, commissions, profits, or charges for goods provided or services rendered;

## Real Estate and Property Managers Professional Liability Coverage Part

- d. liquidated or multiple damages;
  - e. restitution, disgorgement of profits, any advantage to which **you** were not legally entitled, or unjust enrichment; or
  - f. the cost of complying with injunctive relief.
- Excluded professional services
10. based upon or arising out of any actual or alleged performance of or failure to perform services as an architect, engineer, accountant, lawyer, insurance agent/broker, registered investment advisor, and/or security broker/dealer; however, this exclusion will not apply to **claims** brought against an **insured** who is an architect, engineer, accountant, lawyer, insurance agent/broker, registered investment advisor, and/or security broker/dealer if the **claim** arises out of the performance of **your professional services**.
- Excluded property-related services
11. based upon or arising out of any performance of or failure to perform mortgage banking, mortgage broker, escrow agent, title agent, title abstractor, or real estate appraisal services.
- Excluded statutory violations
12. based upon or arising out of any actual or alleged violation of the following laws:
- a. the Securities Act of 1933;
  - b. the Securities Exchange Act of 1934;
  - c. any state blue sky or securities laws;
  - d. the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.*; or
  - e. the Employee Retirement Income Security Act of 1974,
- all including as may be amended, or any similar provisions of any foreign, federal, state, or local statutory or common law and any rules or regulations promulgated under such laws.
- Failure to maintain insurance or bonds
13. based upon or arising out of any actual or alleged failure to procure or maintain adequate insurance or bonds; however, this exclusion will not apply to **your** failure to procure or maintain insurance for any property **you** manage in the course of **your** performance of **property management services**.
- Improper billing
14. based upon or arising out of any actual or alleged inaccurate, improper, or fraudulent billings or invoices, including but not limited to a qui tam action or any action under the False Claims Act, as may be amended, or any similar provisions of any foreign, federal, state, or local statutory or common law; however, this exclusion will not apply to a **claim** resulting from **your** performance of billing services for others if such services are a part of **your professional services**.
- Insured vs. insured
15. brought by or on behalf of one **insured** or **affiliate** against another **insured** or **affiliate**.
- Intellectual property
16. based upon or arising out of any actual or alleged infringement, use, or disclosure of any intellectual property, including but not limited to copyright, trademark, trade dress, patent, service mark, service name, title, or slogan, or any publicity rights violations, cyber squatting violations, moral rights violations, any act of passing-off, or any misappropriation of trade secret.
- Intentional acts
17. based upon or arising out of any actual or alleged fraud, dishonesty, criminal conduct, or any knowingly wrongful, malicious, or intentional acts or omissions, except that:
- a. **we** will pay **claim expenses** until there is a final adjudication establishing such conduct; and
  - b. this **exclusion** will not apply to otherwise covered intentional acts or omissions resulting in **personal and advertising injury**.
- This exclusion will apply to the **named insured** or **subsidiary** only if the conduct was committed or allegedly committed by any:
- a. partner, director, officer, or member of the board (or equivalent position) of the **named insured** or **subsidiary**; or



## Real Estate and Property Managers Professional Liability Coverage Part

- b. employee of the **named insured** or **subsidiary** if any partner, director, officer, member of the board (or equivalent position) of the **named insured** or **subsidiary** knew or had reason to know of such conduct by the employee.

This exclusion will apply separately to each **insured** and will not apply to any **insured** who did not commit, participate in, acquiesce to, or ratify such conduct committed by another **insured**.

Manufacture of goods/products	18. based upon or arising out of any goods or products manufactured, sold, handled, or distributed by <b>you</b> .
Medical malpractice	19. based upon or arising out of any actual or alleged medical malpractice or breach of any duties owed as a healthcare provider, including but not limited to the rendering of or failure to render medical services, treatment, diagnosis, or advice.
Misappropriation of funds	20. based upon or arising out of the actual or alleged theft, misappropriation, commingling, or conversion of, or failure to safeguard, any funds, monies, assets, or property.
Notarization without physical appearance	21. based upon or arising out of any actual or alleged notarization, certification, or acknowledgment of a signature without the physical appearance of the person making the signature at the time of such notarization, certification, or acknowledgment.
Pollution/environmental	22. based upon or arising out of any actual, alleged, or threatened discharge, dispersal, release, or escape of <b>pollutants</b> , including any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize <b>pollutants</b> ; however, this exclusion will not apply to any <b>failure to disclose pollutants</b> .
Prior acts/notice/knowledge	<p>23. based upon or arising out of any actual or alleged breach of duty or negligent act, error, or omission that:</p> <ul style="list-style-type: none"> <li>a. was committed prior to the <b>retroactive date</b>;</li> <li>b. was the subject of any notice given under any other policy of which this policy is a renewal or replacement;</li> <li>c. was the subject of, or is related to, any prior or pending litigation, <b>claim</b>, written demand, arbitration, administrative or regulatory proceeding or investigation, or licensing proceeding that was filed or commenced against <b>you</b> and of which <b>you</b> had notice prior to the <b>policy period</b>; or</li> <li>d. <b>you</b> had knowledge of prior to the <b>policy period</b>, and there was a reasonable basis to believe that the act, error, or omission could result in a <b>claim</b>.</li> </ul> <p>However, if this policy is a renewal or replacement of a previous policy <b>we</b> issued that provided materially identical coverage, and is part of an unbroken chain of successive policies issued by <b>us</b>, the <b>policy period</b> referred to in paragraphs c and d, above, will be the policy period of the first such policy <b>we</b> issued.</p>
Privacy	<p>24. based upon or arising out of any actual or alleged:</p> <ul style="list-style-type: none"> <li>a. unauthorized acquisition, access, use, or disclosure of, improper collection or retention of, or failure to protect any non-public personally identifiable information or confidential corporate information that is in <b>your</b> care, custody, or control; or</li> <li>b. violation of any privacy law or consumer data protection law protecting against the use, collection, or disclosure of any information about a person or any confidential corporate information, including the performance of any credit check or background check on a person that has not consented to such credit check or background check.</li> </ul>
Property developed/constructed by insured	25. based upon or arising out of any <b>real estate services</b> involving real property that was developed or constructed by any <b>insured</b> or <b>affiliate</b> .
Real estate syndication	26. based upon or arising out of any actual or alleged formulation, promotion, syndication, offer, sale, or management of any limited or general partnership or any interest in such partnership.



## Real Estate and Property Managers Professional Liability Coverage Part

Sexual misconduct	27. based upon or arising out of any actual, alleged, or threatened abuse, molestation, harassment, mistreatment, or maltreatment of a sexual nature, including the negligent employment, investigation, supervision, training, or retention of a person who commits such conduct, or the failure to report such conduct to the proper authorities.
Subsidiary outside control of named insured	28. a. based upon or arising out of <b>professional services</b> performed by or on behalf of a past or present <b>subsidiary</b> while the <b>named insured</b> does not have majority ownership or management control of it; or b. made against a <b>subsidiary</b> or anyone acting on its behalf while the <b>named insured</b> does not have majority ownership or management control of it.
Unsolicited telemarketing	29. based upon or arising out of any actual or alleged violation of any federal, state, local, or foreign statutes, ordinances, or regulations relating to unsolicited telemarketing, solicitations, emails, faxes, text messages, or any other communications of any type or nature, including but not limited to the Telephone Consumer Protection Act, CAN-SPAM Act, or any "anti-spam" or "do-not-call" statutes, ordinances, or regulations.

### VII. Definitions

The following definitions apply to this Coverage Part. Additional definitions are contained in Section III. Who is an insured, and in the General Terms and Conditions, Section VI. Definitions applicable to all Coverage Parts.

<b>Affiliate</b>	means any person or entity related to any <b>insured</b> through common ownership, control, or management. <b>Affiliate</b> does not include a <b>subsidiary</b> .
<b>Bodily injury</b>	means physical injury, sickness, disease, or death sustained by a person, and any resulting humiliation, mental injury, mental anguish, emotional distress, suffering, or shock.
<b>Claim</b>	means any written assertion of liability or any written demand for financial compensation or non-monetary relief.
<b>Claim expenses</b>	means the following sums incurred in excess of the <b>retention</b> and with <b>our</b> prior written consent: <ol style="list-style-type: none"> <li>1. all reasonable and necessary fees, costs, and expenses (including the fees of attorneys and experts) incurred in the investigation, defense, or appeal of a <b>claim</b>; and</li> <li>2. premiums on appeal bonds, attachment bonds, or similar bond, but <b>we</b> will have no obligation to apply for or furnish any such bonds.</li> </ol>
<b>Damages</b>	means the following amounts incurred in excess of the <b>retention</b> : <ol style="list-style-type: none"> <li>1. a monetary judgment or monetary award that <b>you</b> are legally obligated to pay (including pre- or post-judgment interest and awards of claimant's attorney fees); or</li> <li>2. a monetary settlement negotiated by <b>us</b> with <b>your</b> consent.</li> </ol> <p><b>Damages</b> includes punitive damages to the full extent they are insurable under the law of any applicable jurisdiction that most favors coverage.</p>
<b>Failure to disclose pollutants claim</b>	means a <b>claim</b> alleging the failure to disclose the existence of <b>pollutants</b> .
<b>Open house claim</b>	means a <b>claim</b> for <b>bodily injury</b> and/or <b>property damage</b> arising from the showing of property, including but not limited to showings at a property accessed by use of a lock box or other keyless entry system.
<b>Personal and advertising injury</b>	means injury, other than <b>bodily injury</b> or <b>property damage</b> , arising out of one or more of the following offenses: <ol style="list-style-type: none"> <li>1. false arrest, detention, or imprisonment;</li> <li>2. malicious prosecution;</li> </ol>

## Real Estate and Property Managers Professional Liability Coverage Part

3. wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of premises;
4. slander, libel, or defamation, or disparagement of goods, products, or services, whether in connection with **your professional services** or **your** advertising of it; or
5. oral or written publication of material, whether in connection with **your professional services** or **your** advertising of it, that violates a person's right of privacy.

### Pollutants

means any solid, liquid, gaseous, biological, radiological, or thermal irritant or contaminant, including smoke, vapor, asbestos, silica, dust, nanoparticles, fibers, soot, fumes, acids, alkalis, chemicals, nuclear materials, germs, mold, and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.

### Potential claim

means any acts, errors, or omissions of an **insured** or other circumstances reasonably likely to lead to a **claim** covered under this policy.

### Professional services

means:

1. **real estate services**; and/or
2. **property management services**.

### Property damage

means physical damage to or destruction of any tangible property, including the resulting loss of use of that property.

### Property management services

means:

1. development and implementation of management plans and budgets;
2. oversight of physical maintenance of property;
3. solicitation, evaluation, and securing of tenants, management of tenant relations, collection of rent, and processing evictions;
4. development, implementation, and management of loss control and risk management plans for real property;
5. development, procurement, implementation, and management of contracts and subcontracts necessary to the daily functioning of real property;
6. personnel administration and record keeping;
7. leasing services in connection with the property **you** are managing; and/or
8. any other services identified as Covered Professional Services under the Real Estate and Property Managers Professional Liability Coverage Part section of the Declarations.

**Property management services** do not include the management or implementation of renovations or construction or reconstruction projects.

### Real estate services

means real estate agent, broker, and/or leasing services, including any services as a notary public performed in conjunction with such real estate agent, broker, and/or leasing services, and any other services identified as Covered Professional Services under the Real Estate and Property Managers Professional Liability Coverage Part section of the Declarations.

### Retention

means the amount stated as such under the Real Estate and Property Managers Professional Liability Coverage Part section of the Declarations.

### Third party discrimination

means any non-physical harassment of or unlawful discrimination against a person or entity other than an **insured** or an employee of an **insured**, including any resulting violation of civil rights, but only if such harassment or discrimination directly results from **your** performance of **professional services**.

### You, your, or insured

means a **named insured**, **subsidiary**, **employee**, **independent contractor**, **joint venture**, or **franchisor**, as defined in Section III. Who is an insured.

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#### Endorsement 1

NAMED INSURED: Affordable Homes Of South Texas Inc.

#### **E6017.2 Nuclear Incident Exclusion Clause-Liability-Direct (Broad) Endorsement**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed:

**We** will have no obligation to pay any sums under this policy, including any **damages, claim expenses**, or other **covered amounts**, for any **claim, breach, event, or occurrence**:

- A. Under any liability coverage, for injury, sickness, disease, death, or destruction:
1. for which **you** are also insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be insured under any such policy but for exhaustion of its limit of liability; or
  2. resulting from the **hazardous properties of nuclear material** and with respect to which:
    - a. any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, as amended; or
    - b. **you** are, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- B. Under any Medical Payments coverage, or under any Supplementary Payments provision relating to immediate medical or surgical relief, for expenses incurred with respect to bodily injury, sickness, disease, or death resulting from the **hazardous properties of nuclear material** and arising out of the operation of a **nuclear facility** by any person or organization.
- C. Under any liability coverage, for injury, sickness, disease, death, or destruction resulting from the **hazardous properties of nuclear material**, if:
1. the **nuclear material** is at any **nuclear facility** owned or operated by **you** or on **your** behalf, or has been discharged or dispersed from such a facility;
  2. the **nuclear material** is contained in spent fuel or **waste** which is or was at any time possessed, handled, used, processed, stored, transported, or disposed of by **you** or on **your** behalf; or
  3. the injury, sickness, disease, death, or destruction arises out of the furnishing by **you** of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any **nuclear facility**, but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (3) applies only to injury to or destruction of property at such **nuclear facility**.

As used in this endorsement:

**Hazardous properties** includes radioactive, toxic, or explosive properties;

**Nuclear material** means **source material, special nuclear material, or byproduct material**;

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**Endorsement 1**

NAMED INSURED: Affordable Homes Of South Texas Inc.

**Source material, special nuclear material, and byproduct material** have the meanings given them in the Atomic Energy Act of 1954, as amended;

**Spent fuel** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a **nuclear reactor**;

**Waste** means any waste material:

1. containing **byproduct material**; and
2. resulting from the operation by any person or organization of any **nuclear facility** included in paragraph 1 or 2 of the definition of **nuclear facility**;

**Nuclear facility** means:

1. any **nuclear reactor**;
2. any equipment or device designed or used for:
  - a. separating the isotopes of uranium or plutonium;
  - b. processing or utilizing spent fuel; or
  - c. handling, processing, or packaging **waste**;
3. any equipment or device used for the processing, fabricating, or alloying of **special nuclear material**, if at any time the total amount of such material in **your** custody at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; or
4. any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of **waste**.

**Nuclear facility** includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;

With respect to injury to or destruction of property, "injury" or "destruction" includes all forms of radioactive contamination of property.

Endorsement effective:	01/28/2018	Certificate No.:	MPL1689017.18
Endorsement No:	1	Processed Date:	12/25/2017
Hiscox Inc.			



520 Madison Avenue 32nd Floor, New York, NY 10022  
(646) 452-2353

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**Endorsement 1**

NAMED INSURED: Affordable Homes Of South Texas Inc.

A handwritten signature in black ink that reads "Brett Q Sadoff".

Authorized Representative  
Brett Sadoff

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**Endorsement 2**

NAMED INSURED: Affordable Homes Of South Texas Inc.

**E6020.2 War and Civil War Exclusion Endorsement**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the General Terms and Conditions are amended as follows:

This policy does not apply to and **we** will have no obligation pay any sums under this policy, including any **damages, claim expenses**, or other **covered amounts**, for any **claim, breach, event**, or **occurrence** directly or indirectly occasioned by, happening through, or in consequence of:

1. war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military, or usurped power; or
2. confiscation, nationalization, requisition, destruction of, or damage to property by or under the order of any government, public, or local authority.

However, this exclusion will not apply to coverage under the General Liability Coverage Part (if purchased) for damage by fire to premises while rented to **you** or temporarily occupied by **you** with the owner's permission. Any payments **we** make for **property damage** to such premises will be subject to the Damage to Premises Limit.

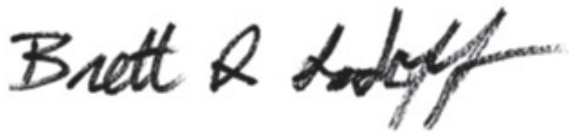
Endorsement effective: 01/28/2018

Certificate No.: MPL1689017.18

Endorsement No: 2

Processed Date: 12/25/2017

Hiscox Inc.



Authorized Representative  
Brett Sadoff

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### Endorsement 3

NAMED INSURED: Affordable Homes Of South Texas Inc.

#### E9041.2 Texas Amendatory Endorsement

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the General Terms and Conditions are amended as follows:

- I. The Your representations provision in Section III. Your obligations to us, D is deleted in its entirety and replaced by the following

**You** warrant that all representations made and all materials submitted by **you** or on **your** behalf in connection with the **application** for this policy are true, accurate, and not misleading, and agree they were relied on by **us** and were material to our decision to issue this policy to **you**. If **we** learn any of the representations or materials were untrue, inaccurate, or misleading and material to the risk or to the event on which the policy became due and payable, **we** are entitled to treat this policy as if it had never existed

- II. Section IV. Optional extension period is modified to the extent necessary to provide the following:

The **named insured** will have the right to a period of 30 days after the effective date of cancellation or nonrenewal (herein referred to as the "**automatic extension period**") at no additional premium in which to give **us** written notice of **claims** first made against the **insureds** during said **automatic extension period** for any **professional services** performed, or a **breach**, offense or **occurrence** that takes place, on or after the **retroactive date** but prior to the effective date of cancellation or non-renewal of this policy.

If purchased, the optional extension period will not coincide with the **automatic extension period**.

- III. The Cancellation provision in Section V. Other provisions affecting coverage, C is deleted in its entirety and replaced with the following.

The **named insured** may cancel this policy by giving **us** advance written notice stating when thereafter such cancellation will be effective. If the **named insured** cancels this policy, the refund may be less than pro rata.

**We** may cancel this policy by mailing to the **named insured** by registered, certified or other first class mail, at the address shown in the Declarations, written notice stating the reason for cancellation, at least 10 days before the effective date of cancellation. The mailing of such notice will be sufficient proof of notice and this policy will terminate at the date and hour specified in such notice. If **we** cancel this policy, any return premium will be calculated pro rata. Payment or tender of any unearned premium by **us** will not be a condition precedent to the effectiveness of the cancellation, but such payment will be made as soon as practicable.

**We** may not cancel this policy solely because the policyholder is an elected official.

If this policy has been in effect for 60 days or more, or if it is a renewal or continuation of a policy issued by **us**, **we** may cancel this policy for only one or more of the following reasons:

1. Fraud in obtaining coverage;



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**Endorsement 3**

NAMED INSURED: Affordable Homes Of South Texas Inc.

2. Failure to pay premiums when due;
  3. An increase in hazard within the control of the **insured** which produces an increase in rate;
  4. Loss of **our** reinsurance covering all or part of the risk covered by the policy; or
  5. **We** have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.
- IV. The Other insurance provision in Section V. Other provisions affecting coverage, H is modified to the extent necessary to provide the following:
- If there is any other valid and collectible insurance which applies to any loss covered by this policy, **we** will not be liable for a greater proportion of such loss than the applicable policy aggregate limit of liability stated in the Declarations bears to the total applicable limit of liability of all valid and collectible insurance against such loss.
- V. Section V. Other provisions affecting coverage is amended to include the following at the end:

Non-renewal

If **we** elect not to renew this policy, **we** will mail or deliver to the **named insured** written notice of non-renewal stating the reason(s) for non-renewal not less than 60 days before the end of the **policy period**. **We** may not refuse to renew this policy solely because the policyholder is an elected official.

If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's rate.

**We** will mail or deliver the notice of non-renewal to the **named insured** at the last mailing address known **us**. If the notice of non-renewal is mailed, proof of mailing will be sufficient proof of notice.

Endorsement effective:	01/28/2018	Certificate No.:	MPL1689017.18
Endorsement No:	3	Processed Date:	12/25/2017
Hiscox Inc.			



520 Madison Avenue 32nd Floor, New York, NY 10022  
(646) 452-2353

---

**Endorsement 3**

NAMED INSURED: Affordable Homes Of South Texas Inc.

A handwritten signature in black ink that reads "Brett Q Sadoff". The signature is stylized with a large, looped "B" and a long, sweeping underline.

Authorized Representative  
Brett Sadoff



520 Madison Avenue 32nd Floor, New York, NY 10022  
(646) 452-2353

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**Endorsement 4**

NAMED INSURED: Affordable Homes Of South Texas Inc.

**E6026.1 Amend Retroactive Date (Specific) Endorsement**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed:

For TuCasa Investments, Inc., the Retroactive Date stated in the Declarations is amended to 04/29/2014.

Endorsement effective:	01/28/2018	Certificate No.:	MPL1689017.18
Endorsement No:	4	Processed Date:	12/25/2017

Hiscox Inc.

Authorized Representative  
Brett Sadoff



520 Madison Avenue 32nd Floor, New York, NY 10022  
(646) 452-2353

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**Endorsement 5**

NAMED INSURED: Affordable Homes Of South Texas Inc.

**E6098.2 Amend Retroactive Date (Specific) Endorsement 2**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed:

For Neighborhood Alliance Management, LLC, the Retroactive Date stated in the Declarations is amended to 04/29/2014.

For Esperanza RGV Real Estate, LLC DBA HCH Realty, the Retroactive Date stated in the Declarations is amended to 05/30/2014

Endorsement effective: 01/28/2018

Certificate No.: MPL1689017.18

Endorsement No: 5

Processed Date: 12/25/2017

Hiscox Inc.

Authorized Representative  
Brett Sadoff



520 Madison Avenue 32nd Floor, New York, NY 10022  
(646) 452-2353

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**Endorsement 6**

NAMED INSURED: Affordable Homes Of South Texas Inc.

**E6036.1 Additional Named Insured Endorsement**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed:

I. Item 1. of the Declarations, **Named Insured**, is amended to add the following:

Neighborhood Alliance Management, LLC  
Esperanza RGV Real Estate, LLC DBA HCH Realty

Endorsement effective: 01/28/2018

Certificate No.: MPL1689017.18

Endorsement No: 6

Processed Date: 12/25/2017

Hiscox Inc.

Authorized Representative  
Brett Sadoff

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**Endorsement 7**

NAMED INSURED: Affordable Homes Of South Texas Inc.

**E6149.3 Additional Insured Endorsement**

In consideration of the premium charged, and on the understanding this endorsement leaves all other terms, conditions, and exclusions unchanged, it is agreed the <removed> is/are amended as follows:

I. The following definition is added to the end of Section III. Who is an insured:

**Additional insured** means the person or organization listed below:

TuCasa Investments, Inc.

Coverage is available for **additional insureds** solely for their liability arising out of the **named insured's** negligence or of those acting on the **named insured's** behalf and not for any liability arising out of the sole negligence of the **additional insured**.

II. In the preamble of Section III. Who is an insured, the words "**additional insured,**" are added after "**named insured,**".

III. In Section VII. Definitions, the definition of "**You, your, or insured**" is amended to add the words "**additional insured,**" after "**named insured,**".

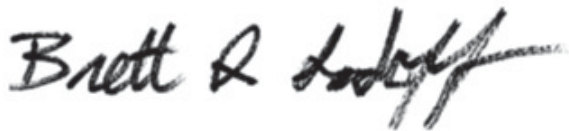
Endorsement effective: 01/28/2018

Certificate No.: MPL1689017.18

Endorsement No: 7

Processed Date: 12/25/2017

Hiscox Inc.



Authorized Representative  
Brett Sadoff



## Hiscox Insurance Company Inc.

### Important Notice/ Aviso Importante

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To obtain information or make a complaint:

1. You may utilize the following number to contact Hiscox Inc. on behalf of the Hiscox Insurance Company Inc., for information or to make a complaint:

Claims assistance/complaints: 1-877-544-7269

General assistance/complaints: 1-855-528-1112

2. You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at the following number:

1-800-252-3439

3. You may write to Hiscox Inc. on behalf of the Hiscox Insurance Company Inc. at the following address:

520 Madison Avenue  
32<sup>nd</sup> Floor  
New York, NY 10022

4. You may write the Texas Department of Insurance at the following address:

P.O. Box 149104  
Austin, TX 78714-9104  
Fax #: 512-490-1007

Web: <http://www.tdi.texas.gov>  
E-mail: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

#### 5. PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact Hiscox Inc. on behalf of the Hiscox Insurance Company Inc. first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

#### 6. ATTACH THIS NOTICE TO YOUR POLICY

This notice is for information only and does not become a part or condition of the attached document.

Para obtener informacion o para presentar una queja:

1. Usted puede llamar al número de telefono gratuito de Hiscox Inc. a favor de la Hiscox Insurance Company Inc. para obtener información o para presentar una queja al:

Asistencia con las reclamaciones o quejas:  
1-877-544-7269

Asistencia general o quejas: 1-855-528-1112

2. Usted puede comunicarse con el Departamento de Seguros de Texas para obtener informacion sobre companias, coberturas, derechos o quejas al:

1-800-252-3439

3. Usted tambien puede escribir a Hiscox Inc. a favor de la Hiscox Insurance Company Inc. :

520 Madison Avenue  
32<sup>nd</sup> Floor  
New York, NY 10022

4. Usted puede escribir al Departamento de Seguros de Texas a:

P.O. Box 149104  
Austin, TX 78714-9104  
Fax #: 512-490-1007

Web: <http://www.tdi.texas.gov>  
E-mail: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

#### 5. DISPUTAS POR PRIMAS DE SEGUROS O RECLAMACIONES:

Si tiene una disputa relacionada con su prima de seguro o con una reclamacion, usted debe comunicarse con Hixcox Inc. a favor de la Hiscox Insurance Company Inc. primero. Si la disputa no es resuelta, puede comunicarse con el Departamento de Seguros de Texas.

#### 6. ADJUNTE ESTE AVISO A SU POLIZA:

Este aviso es solamente para proposito informativos y no se convierte en parte o condicion del documento adjunto.





## NOTICE

### Professional Liability Loss Control Information/Services

This notice is not part of the policy. It is provided for informational or educational purposes only. Read your policy carefully to determine your rights, duties and what is and is not covered. Only the provisions of your policy determine the scope of your insurance protection.

Hiscox is committed to providing loss control information and services to its insureds in accordance with Texas law. The information and services that we provide to our insureds is intended to assist you in avoiding accidents or losses and in reducing claims frequency and severity problems that you may face in the operation of your business. The loss control information and services that we provide should not be considered exhaustive or the exclusive way in which you should conduct your business. We urge you to regularly review your business operations and discuss any actual or perceived exposures and loss control measures with your accountants, attorneys, insurance brokers and other consultants.

#### Loss Prevention

You may be able to avoid acts, errors or omissions that can give rise to claims against you and your business by exercising care in the conduct of your business. Some helpful tips include:

- Execute written agreements with clients or otherwise document in writing what services you have agreed to perform, what services you have not agreed to perform, and the fees and expenses that you charge for your work. Review of a contract by a licensed attorney may ensure that appropriate disclaimers and wordings are included to limit your liability to others.
- Make sure your employees are familiar with the scope of the agreement with your client and the time by which they are expected to complete services or products that have been promised to the client.
- Properly staff projects with workers who are capable of performing any required services by anticipated completion dates. Provide training and maintain adequate supervision of employees during the course of a project.
- Keep your client advised of the progress of a project. Promptly respond to client phone calls and other communications.
- Document important communications with clients in writing and keep copies. Changes in the scope of work or the completion date should be confirmed in writing or by email with the client.
- Prepare and follow a written plan for maintaining confidentiality of client information.
- Segregate any funds held for clients from your general operating account. Establish an escrow account for client funds if you are required to do so by law.
- Promptly return client funds and other client property upon request.
- Provide billing statements or invoices to clients that accurately reflect the services that you have performed and the expenses that you have incurred. Make sure these fees and expenses are consistent with your contract.
- Responsibly terminate relationships with clients when it becomes necessary. The client should be advised in writing and reasonable efforts should be made to facilitate the transfer of any uncompleted work as requested by the client.
- Carefully consider whether to pursue legal action against a client for unpaid fees, as this will often lead the client to respond with counterclaims complaining about the quality of your work or services.

#### Loss Mitigation

Your insurance policy affords coverage for both loss payments to an injured third party and claim expenses, which include attorney's fees. Loss payments and claim expenses may be reduced or avoided entirely by your early reporting of a claim or a circumstance that might give rise to a claim against you. Your insurer can then take remedial action, if appropriate, or resolve a claim prior to expensive litigation.

Once you become aware of a claim or circumstance, there are steps that you can take to assist in the defense of the matter. These steps include:

- Promptly reporting the matter to your insurer;
- Gathering and safeguarding any relevant documents, including electronic versions and emails;
- Avoiding discussions with any adverse party or their attorney; and
- Cooperating with your insurer and defense counsel.

By working together with your insurer in the investigation and defense of any claim, you may mitigate loss payments or claim expenses under your policy, which could have a favorable impact upon renewal terms and premium.

For more information or to request additional complimentary loss control services, please call 1-877-544-7269 or write to us at [riskmanagement@hiscox.com](mailto:riskmanagement@hiscox.com) or Hiscox Insurance Company Inc., 520 Madison Avenue, 32<sup>nd</sup> Floor, New York, NY 10022.

#### **Disclaimer**

Pursuant to Texas law, we and our agents and employees may not be held liable for an accident or loss based on an allegation that the accident or loss was caused or could have been prevented by a program, information, inspection, or other activity or service undertaken by us to prevent accidents or to control losses, as applicable, in connection with your operations. This immunity from liability does not affect our obligations as otherwise provided in your insurance policy. Loss control information that we provide to you is not discoverable or admissible as evidence in a civil proceeding or lawsuit.



## **ECONOMIC AND TRADE SANCTIONS POLICYHOLDER NOTICE**

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Hiscox is committed to complying with the U.S. Department of Treasury Office of Foreign Assets Control (OFAC) requirements. OFAC administers and enforces economic sanctions policy based on Presidential declarations of national emergency. OFAC has identified and listed numerous foreign agents, front organizations, terrorists, and narcotics traffickers as Specially Designated Nationals (SDN's) and Blocked Persons. OFAC has also identified Sanctioned Countries. A list of Specially Designated Nationals, Blocked Persons and Sanctioned Countries may be found on the United States Treasury's web site <http://www.treas.gov/offices/enforcement/ofac/>.

Economic sanctions prohibit all United States citizens (including corporations and other entities) and permanent resident aliens from engaging in transactions with Specially Designated Nationals, Blocked Persons and Sanctioned Countries. Hiscox may not accept premium from or issue a policy to insure property of or make a claim payment to a Specially Designated National or Blocked Person. Hiscox may not engage in business transactions with a Sanctioned Country.

A Specially Designated National or Blocked Person is any person who is determined as such by the Secretary of Treasury.

A Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States.

In accordance with laws and regulations of the United States concerning economic and trade embargoes, this policy may be rendered void from its inception with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

- (1) Any insured under this Policy, or any person or entity claiming the benefits of such insured, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to US economic trade sanctions;
- (2) Any claim or suit that is brought in a Sanctioned Country or by a Sanctioned Country government, where any action in connection with such claim or suit is prohibited by US economic or trade sanctions;
- (3) Any claim or suit that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to US economic or trade sanctions;
- (4) Property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country government, where any activities related to such property are prohibited by US economic or trade sanctions; or
- (5) Property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to US economic or trade sanctions.

Please read your Policy carefully and discuss with your broker/agent or insurance professional. You may also visit the US Treasury's website at <http://www.treas.gov/offices/enforcement/ofac/>.



## NOTICE

### Professional Liability Loss Control Information/Services

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Hiscox is committed to providing loss control information and services to its insureds in accordance with Texas law. The information and services that we provide to our insureds is intended to assist you in avoiding accidents or losses and in reducing claims frequency and severity problems that you may face in the operation of your business. The loss control information and services that we provide should not be considered exhaustive or the exclusive way in which you should conduct your business. We urge you to regularly review your business operations and discuss any actual or perceived exposures and loss control measures with your accountants, attorneys, insurance brokers and other consultants.

#### Loss Prevention

You may be able to avoid acts, errors or omissions that can give rise to claims against you and your business by exercising care in the conduct of your business. Some helpful tips include:

- Execute written agreements with clients or otherwise document in writing what services you have agreed to perform, what services you have not agreed to perform, and the fees and expenses that you charge for your work. Review of a contract by a licensed attorney may ensure that appropriate disclaimers and wordings are included to limit your liability to others.
- Make sure your employees are familiar with the scope of the agreement with your client and the time by which they are expected to complete services or products that have been promised to the client.
- Properly staff projects with workers who are capable of performing any required services by anticipated completion dates. Provide training and maintain adequate supervision of employees during the course of a project.
- Keep your client advised of the progress of a project. Promptly respond to client phone calls and other communications.
- Document important communications with clients in writing and keep copies. Changes in the scope of work or the completion date should be confirmed in writing or by email with the client.
- Prepare and follow a written plan for maintaining confidentiality of client information.
- Segregate any funds held for clients from your general operating account. Establish an escrow account for client funds if you are required to do so by law.
- Promptly return client funds and other client property upon request.
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- Avoiding discussions with any adverse party or their attorney; and
- Cooperating with your insurer and defense counsel.

By working together with your insurer in the investigation and defense of any claim, you may mitigate loss payments or claim expenses under your policy, which could have a favorable impact upon renewal terms and premium.

For more information or to request additional loss control services, please call 1-877-544-7269 or write to us at Hiscox Insurance Company Inc., 520 Madison Avenue, 32<sup>nd</sup> Floor, New York, NY 10022.

## **Disclaimer**

Pursuant to Texas law, we and our agents and employees may not be held liable for an accident or loss based on an allegation that the accident or loss was caused or could have been prevented by a program, information, inspection, or other activity or service undertaken by us to prevent accidents or to control losses, as applicable, in connection with your operations. This immunity from liability does not affect our obligations as otherwise provided in your insurance policy. Loss control information that we provide to you is not discoverable or admissible as evidence in a civil proceeding or lawsuit.



## NOTICE

### General Liability Loss Control Information/Services

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Hiscox is committed to providing loss control information and services to its insureds in accordance with Texas law. The information and services that we provide to our insureds is intended to assist you in avoiding accidents or losses and in reducing claims frequency and severity problems that you may face in the operation of your business. The loss control information and services that we provide should not be considered exhaustive or the exclusive way in which you should conduct your business. We urge you to regularly review your business operations and discuss any actual or perceived exposures and loss control measures with your accountants, attorneys, insurance brokers and other consultants.

#### Loss Prevention

You may be able to avoid accidents and claims against you and your business by keeping basic safety in mind at all times. Some helpful tips include:

##### Office Risks

- Keep walkways, aisles, doorways and stairs free of obstructions that might cause someone to trip and fall. Post warnings of any dangerous or hazardous conditions.
- Promptly clean up any spilled liquids and other slippery substances on floors. Close off or post warning signs when mopping or waxing tiled or hardwood floors.
- Carpeting should be properly affixed or tacked to the floor to prevent movement. Replace frayed and worn out carpeting.
- Electrical cords, telephone lines and computer wiring may present a tripping hazard. Locate any wiring for lighting and office equipment under desks and alongside walls.
- Maintain adequate security to prevent unauthorized access to your office.
- Perform criminal background checks on job applicants to reduce claims that you were negligent in your hiring practices.
- Train and supervise employees who may be engaged in any hazardous activities.
- Prohibit the use of alcohol and controlled substances by employees while at work or while working out of the office.
- Prepare an emergency plan for office evacuation and preservation of computer records in the event of fire, flood, or other natural or man-made disaster.

##### Fire Risks

- Maintain a clean work area by reducing clutter and congestion. Excess paper and combustible materials may pose a fire hazard.
- Turn off or unplug electrical coffee makers and space heaters when not in use. Keep papers and flammable materials away from hot surfaces.
- Candles and cigarettes present a fire hazard. Avoid using in the workplace and do not dispose of in waste baskets.
- Smoke detectors and fire extinguishers are important fire prevention devices. However, any hostile fire should be reported as soon as possible to your local fire department.
- Have a fire evacuation plan in place that takes into consideration not only your safety, but also anyone who may be visiting your office.



### **Electrical Risks**

- Do not overload electrical circuits or outlets, which may present a risk of fire, shock or power failure. Familiarize yourself with the location of circuit breakers and fuse boxes before you need to access them.
- Electrical wiring and connections should be properly grounded and ventilated. Avoid clutter around wiring to prevent overheating.
- Frayed or loose wires, bare connectors and deteriorating insulation should be replaced by a licensed electrician.
- Use a surge protector for computers and printers.

### **Furniture and Storage Risks**

- Replace old and damaged chairs, tables and furniture that may present a risk of collapse.
- When using a ladder or step stool, make sure it is placed on firm ground and used in accordance with the manufacturer's instructions. Never stand on the top step or overreach.
- Do not stack boxes or pile items on top of tall cabinets or furniture where they might topple over and injure a person.
- Never open more than one drawer in a file cabinet at a time. Opening multiple drawers at one time might cause the cabinet to topple. Close cabinet drawers after use, especially if the cabinet is near a walkway or door. An open drawer poses a risk of injury to persons walking by.
- If you work from home or children visit your office, make sure you "childproof" your work area. Put away scissors and sharp objects when not in use.

### **Outdoor Risks**

- Clear outdoor walkways and parking areas of snow and ice as soon as possible. Sand and salt as necessary.
- Repair cracks and holes in sidewalks and other accessways to prevent tripping.
- Outdoor areas should have proper lighting to allow persons to see where they are walking and to deter criminal activity.

In addition to office safety, you may be able to prevent claims against your business by being considerate of others. Some helpful tips include:

### **Personal Injury Risks**

- Adopt policies regulating use of office computers, internet, and email by employees.
- Adopt policies regarding statements to the public or press by employees and designate an authorized spokesperson for the business.
- Avoid disparaging remarks concerning former employees, customers, clients and third parties. False or misleading statements concerning a person's character may harm their reputation and give rise to a claim for libel, slander or defamation.
- Maintain the confidentiality of information provided to you by clients and others. Unauthorized disclosure of such information may result in a claim against you for violation of the person's right of privacy.
- Avoid disparaging comments concerning goods, products or services offered by other persons or organizations. Such comments, even if you believe they are true, may cause harm to the person's or organization's business and lead to a lawsuit.
- Never copy, reproduce or utilize trade names, service marks, business logos, slogans, written publications, video, sound or digital recordings, including any portions thereof, without permission. Such information is considered intellectual property and may be protected by federal or state copyright and trademark laws. When seeking permission of the original author, composer, creator, or current owner of any intellectual property protected by a trademark or copyright, obtain permission in writing if possible.

Other safety tips and useful loss control information may be found on websites of the U.S. Small Business Administration (SBA), the Texas Department of Insurance (TDI), your local Better Business Bureau and/or Chamber of Commerce.

See the SBA web site for small business owners (item 17):

[http://www.sba.gov/tools/resourcelibrary/publications/serv\\_pub\\_mplan.html](http://www.sba.gov/tools/resourcelibrary/publications/serv_pub_mplan.html)

See the TDI web site for free safety and health publications:

<http://www.tdi.state.tx.us/wc/safety/videoresources/index.html>

## **Loss Mitigation**

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By working together with your insurer in the investigation and defense of any claim, you may mitigate loss payments or claim expenses under your policy, which could have a favorable impact upon renewal terms and premium.

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## **Disclaimer**

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